

Aviva Investors Multi-Strategy Target Return Fund

ARSN 605 042 288

Annual report

For the year ended 30 June 2021

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These financial statements cover Aviva Investors Multi-Strategy Target Return Fund as an individual entity.

The Responsible Entity of Aviva Investors Multi-Strategy Target Return Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235 150).

The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt St, Sydney, NSW, 2000.

Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235 150) is the responsible entity ("the Responsible Entity") of Aviva Investors Multi-Strategy Target Return Fund ("the Fund"). The directors of the Responsible Entity ("the Directors of the Responsible Entity") present their report together with the financial statements of the Fund for the year ended 30 June 2021.

Principal activities

The Fund typically will be fully invested in the Australian Dollar currency hedged 'F' share class of the Aviva Investors Multi-Strategy Target Return Sub-Fund of Aviva Investors Société d'Investissement à Capital Variable (the Underlying Sub-Fund) or in cash or cash equivalents.

The Fund was constituted on 13 April 2015 and commenced operations on 2 July 2015. The Fund is a registered managed investment scheme domiciled in Australia.

The Fund did not have any employees during the year.

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

Directors

The Directors of The Trust Company (RE Services) Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

Vicki Riggio

Richard McCarthy

Simone Mosse

Glenn Foster

Resigned as Director on October 23, 2020

Appointed as a Non-executive Director on February 1, 2021

Phillip Blackmore

Alternate Director for Vicki Riggio

Review and results of operations

During the year, the Fund invested in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Results

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

| | Year ended | |
|--|-------------------------|-----------------|
| | 30 June 2021 | 30 June 2020 |
| Operating profit/(loss) (\$'000) | <u>11,940</u> | <u>2,130</u> |
| <i>Distributions</i> | | |
| Distribution paid and payable (\$'000) | <u>2,302</u> | <u>3,746</u> |
| Distribution (cents per unit) | <u>1.20</u> | <u>2.11</u> |

Directors' report (continued)

Significant changes in state of affairs

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

On February 1, 2021, Glenn Foster was appointed as a Non-executive Director.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 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.

Indemnification and insurance of officers and auditors

No insurance premiums were paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity 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.

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's property during the year are disclosed in Note 13 to the financial statements.

No fees were paid out of Fund's 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 also disclosed in Note 13 to the financial statements.

Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 8 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.

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

The Fund is an entity 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. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

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 4.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director

Sydney

24 September 2021



Auditor's Independence Declaration

As lead auditor for the audit of Aviva Investors Multi-Strategy Target Return Fund for the year ended 30 June 2021, 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 'Paul Collins', is written over a light grey horizontal line.

Paul Collins
Partner
PricewaterhouseCoopers

Sydney
24 September 2021

PricewaterhouseCoopers, ABN 52 780 433 757

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Aviva Investors Multi-Strategy Target Return Fund
Statement of comprehensive income
For the year ended 30 June 2021

Statement of comprehensive income

| | | Year ended | |
|--|--------------|----------------------|----------------|
| | | 30 June | 30 June |
| | | 2021 | 2020 |
| | Notes | \$'000 | \$'000 |
| Investment income | | | |
| Interest income from financial asset at amortised cost | | 3 | 2 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 5 | <u>12,730</u> | <u>3,092</u> |
| Total investment income/(loss) | | <u>12,733</u> | <u>3,094</u> |
| Expenses | | | |
| Management fees | 13 | 687 | 836 |
| Other administrative/transactional fees | | <u>106</u> | <u>128</u> |
| Total operating expenses | | <u>793</u> | <u>964</u> |
| Operating profit/(loss) | | <u>11,940</u> | <u>2,130</u> |
| Profit/(loss) for the year | 8 | 11,940 | 2,130 |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income/(loss) for the year | | <u>11,940</u> | <u>2,130</u> |

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

Statement of financial position

| | Notes | As at | |
|--|-------|---------------------------|---------------------------|
| | | 30 June 2021 \$'000 | 30 June 2020 \$'000 |
| Assets | | | |
| Cash and cash equivalents | 10 | 985 | 1,200 |
| Receivables | | 258 | 883 |
| Due from brokers - receivable for securities sold | | - | 1,081 |
| Financial assets at fair value through profit or loss | 6 | <u>215,790</u> | <u>245,620</u> |
| Total assets | | <u>217,033</u> | <u>248,784</u> |
| Liabilities | | | |
| Distribution payable | 9 | 2,302 | - |
| Management fees payable | | 59 | 69 |
| Redemptions payable | | 887 | 2,861 |
| Administration and custody fees payable | | 54 | 31 |
| Due to brokers - payable for securities purchased | | <u>208</u> | <u>349</u> |
| Total liabilities | | <u>3,510</u> | <u>3,310</u> |
| Net assets attributable to unitholders - equity | 8 | <u>213,523</u> | <u>245,474</u> |

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

Aviva Investors Multi-Strategy Target Return Fund
Statement of changes in equity
For the year ended 30 June 2021

Statement of changes in equity

| | Notes | Year ended | |
|---|-------|---------------------------|---------------------------|
| | | 30 June 2021 \$'000 | 30 June 2020 \$'000 |
| <i>Total equity at the beginning of the financial year</i> | | <u>245,474</u> | <u>478,522</u> |
| Comprehensive income/(loss) for the year | | | |
| Profit/(loss) for the year | 8 | 11,940 | 2,130 |
| Other comprehensive income/(loss) | | <u>-</u> | <u>-</u> |
| Total comprehensive income/(loss) for the year | | <u>11,940</u> | <u>2,130</u> |
| Transactions with unitholders | | | |
| Applications | 8 | 25,761 | 26,287 |
| Redemptions | 8 | (67,350) | (257,719) |
| Distributions paid and payable | 9 | <u>(2,302)</u> | <u>(3,746)</u> |
| Total transactions with unitholders | | <u>(43,891)</u> | <u>(235,178)</u> |
| <i>Total equity at the end of the financial year</i> | | <u><u>213,523</u></u> | <u><u>245,474</u></u> |

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

Aviva Investors Multi-Strategy Target Return Fund
Statement of cash flows
For the year ended 30 June 2021

Statement of cash flows

| | Year ended | |
|---|-----------------|------------------|
| | 30 June 2021 | 30 June 2020 |
| Notes | \$'000 | \$'000 |
| <i>Cash flows from operating activities</i> | | |
| Proceeds from sale of financial instruments at fair value through profit or loss | 55,142 | 246,151 |
| Payments for purchase of financial instruments at fair value through profit or loss | (11,642) | (10,390) |
| Interest received from financial asset at amortised cost | 3 | 2 |
| Other income received | 46 | 53 |
| Management fees | (523) | (683) |
| Payment of other expenses | (106) | (159) |
| <i>Net cash inflow/(outflow) from operating activities</i> | 42,920 | 234,974 |
| | 11(a) | |
| <i>Cash flows from financing activities</i> | | |
| Proceeds from applications by unitholders | 26,189 | 25,384 |
| Payments for redemptions by unitholders | (69,324) | (255,671) |
| Distributions paid | - | (3,746) |
| <i>Net cash inflow/(outflow) from financing activities</i> | (43,135) | (234,033) |
| <i>Net increase/(decrease) in cash and cash equivalents</i> | (215) | 941 |
| Cash and cash equivalents at the beginning of the year | 1,200 | 259 |
| <i>Cash and cash equivalents at the end of the year</i> | 985 | 1,200 |
| | 10 | |
| Non-cash financing activities | 174 | 230 |
| | 11(b) | |

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

1 General information

These financial statements cover Aviva Investors Multi-Strategy Target Return Fund (the "Fund") as an individual entity. The Fund was constituted on 13 April 2015 and commenced operations on 2 July 2015.

The Responsible Entity of the Fund is The Trust Company (RE Services) Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The Investment Manager of the Fund is Aviva Investors Pacific Pty Ltd (ABN 87 153 200 278) (the "Investment Manager"). The Investment Manager's registered office is Level 30, 35 Collins Street, Melbourne, VIC 3000.

The Fund invests in managed Funds and cash and cash equivalents. The investment policy of the Fund continues to be in accordance with the governing documents of the Fund and the provisions of the Fund Constitution.

The financial statements of the Fund are for the year ended 30 June 2021. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on 24 September 2021. 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 ("AASB") and the *Corporations Act 2001* in Australia. The Fund is a for-profit unit 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 financial liabilities at fair value through profit or loss and net assets attributable to unitholders.

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 year end.

In the case of net asset attributable to unitholders, the units are redeemable at the unitholders' option. However, holders of these instruments typically retain them for the medium to long-term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

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

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

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning July 1, 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) *New standards, amendments and interpretations effective after July 1, 2021 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after July 1, 2021, 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

- Assets:

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

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

The Fund classifies its financial assets based on its business model for managing those financial assets. 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 and Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For investments in unlisted unit trust (the "Underlying Sub-Fund"), 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, receivables and due from brokers, 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 flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost. The financial assets are subject to the expected credit loss ("ECL") model impairment model under AASB 9.

- 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 (Responsible Entity's fees payable, management fees payable, administration and custody fees payable, due to brokers, distributions payable and other payables).

(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.

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

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Measurement

Financial assets and liabilities 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 within 'net gains/(losses) on financial instruments at fair value through profit or loss' 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 (ECL) 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 ECL. 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 net 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.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

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

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 Statement of financial position date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

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.

The Fund's units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the year.

(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.

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) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest income from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the Statement of comprehensive income within dividend income and distribution income when the Fund's right to receive payments is established.

Dividend and distribution 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.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements. Other income is recognized on an accruals basis.

(f) Expenses

All expenses, including Responsible Entity's fees, 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 unitholders.

2 Summary of significant accounting policies (continued)

(h) Distributions

Distributions are payable as set out in the Fund's offering document. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

Financial instruments 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 imputation credits and foreign tax paid are passed on to unitholders.

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equities, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

(j) Foreign currency translation

(i) 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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date of when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(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. Trades are recorded on trade date, and for equities normally settled within three business days.

2 Summary of significant accounting policies (continued)

(l) Receivables

Receivables may include amounts for interest, dividends and trust distributions. 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.

Receivables also include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

Receivables are recognised at amortised cost using the effective interest method, less any allowance for ECL. The Fund has applied a simplified approach to measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, receivables have been grouped based on days overdue.

(m) Payables

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

Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

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

(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 custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits at a rate of ("RITC") at the rate of at least 55%, hence investment management fees, custodial 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 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 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. 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 Responsible Entity and the Investment Manager, independent of the area that created them.

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

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to short term nature of these financial instruments.

2 Summary of significant accounting policies (continued)

(q) 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 off to the nearest thousand dollars, in accordance with the *ASIC Corporations Instrument*, unless otherwise indicated.

(r) 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 period.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Fund;
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

(a) Market risk

Market risk is the risk that changes in market risk factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

The Fund is exposed to price risk on unlisted trusts. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and reflected in the price risk analysis below. Paragraph (ii) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured. Investments are classified in the Statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The risk resulting from financial instruments is determined from an examination of the potential variation in the fair value of the financial instruments as at 30 June 2021 and 30 June 2020.

The Fund mitigates price risk through diversification and a careful selection of securities and other financial instruments specified within the Fund's Investment Guidelines. Compliance with the Fund's Product Disclosure Statement and Investment Guidelines are monitored daily, with any breaches recorded on a breach register and reported to the Compliance Committee on a quarterly basis.

The Fund has a significant concentration of risk arising from its exclusive investment in the underlying Sub-Fund. As at 30 June 2021, the Fund's investment in the underlying Sub-Fund represents 100% of the Fund's financial assets held at fair value through profit or loss. The market risk in the underlying Sub-Fund is managed by Aviva Investors Global Services taking into account the asset allocation of each holding of the underlying Sub-Fund in order to minimise the risk associated with particular countries or sectors while continuing to follow their respective investment objective, it achieves this primarily through the diversification of investments across investment types, industries and regions.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

At 30 June, the fair value of equities exposed to price risk were as follows:

| | 30 June 2021 | 30 June 2020 |
|---|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| Units in managed Funds at fair value through profit or loss | <u>215,790</u> | <u>245,620</u> |
| Total exposure to price risk and derivatives | <u>215,790</u> | <u>245,620</u> |

The table in Note 3(b) summarises the impact of an [increase/decrease] of underlying investment prices on the Fund's operating profit and net assets attributable to unitholders. The analysis is based on the assumption that the underlying investment prices changed by +/- 10% (2020: +/- 10%) from the year end prices with all other variables held constant.

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk.

The Fund does not have any direct exposure to foreign exchange risk. Sensitivity analysis is not applicable.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to cash flow interest rate risk is limited to its cash and cash equivalents which are floating rate interest bearing investments. As at 30 June 2021 the total investment in cash of the Fund was \$985,219 (30 June 2020: \$1,200,454).

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of markets interest rates.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to 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 levels of changes in interest rates and the 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 movements resulting from changes in the performance of and/or correlation between the performances of the economies, market and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

| | Impact on operating profit/(loss)/ net assets attributable to unitholders | |
|----------------------------|--|-----------------|
| | Price risk | |
| | +10% | -10% |
| | \$'000 | \$'000 |
| As at June 30, 2021 | 21,579 | (21,579) |
| As at June 30, 2020 | 24,562 | (24,562) |

3 Financial risk management (continued)

(c) Credit risk

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

The assets of the Fund principally consist of financial instruments which comprise investments in managed funds with counterparties which have no direct credit ratings.

The main concentration of credit risk, to which the Fund is exposed, arise from the Fund's investment in the underlying Sub-Fund. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and other receivables.

The Fund has a significant concentration of credit risk that arises from its exposure to a single counterparty in relation to its investments in the Underlying Sub-Fund which invests into unlisted international equity securities.

The risk is managed by the Underlying Fund Manager and mitigated through investment diversification. The Underlying Fund Manager monitors investment diversification parameters as specified in the underlying Sub-Fund's governing documents.

The carrying amount of financial assets included in the Statement of financial position represents the Fund's maximum exposure to credit risk in relation to these assets as at 30 June 2021 and 30 June 2020.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A or higher as determined by S&P.

(d) 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.

The Fund is exposed to daily cash redemptions of redeemable units. The Fund primarily holds investments that are not traded in active markets.

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 unitholders. The Fund did not reject or withhold any redemptions during 2021 and 2020.

The table below analyses the Fund's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the reporting period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant. To assess the impact of COVID-19 on the liquidity of the Fund, the Responsible Entity conducted frequent and enhanced monitoring of the liquidity of the Fund during the reporting year.

| As at 30 June 2021 | Less than 1 month \$'000 | 1 - 6 months \$'000 | 6 - 12 months \$'000 | Over 12 months \$'000 | Total \$'000 |
|---|--------------------------------|---------------------------|----------------------------|-----------------------------|-----------------|
| Distribution payable | (2,302) | - | - | - | (2,302) |
| Management fees payable | (59) | - | - | - | (59) |
| Redemption payable | (887) | - | - | - | (887) |
| Administration and custody fees payable | (54) | - | - | - | (54) |
| Due to brokers - payable for securities purchased | (208) | - | - | - | (208) |
| Total financial liabilities | (3,510) | - | - | - | (3,510) |

3 Financial risk management (continued)

(d) Liquidity risk (continued)

| As at 30 June 2020 | Less than 1 month \$'000 | 1 - 6 months \$'000 | 6 - 12 months \$'000 | Over 12 months \$'000 | Total \$'000 |
|---|--------------------------------|---------------------------|----------------------------|-----------------------------|-----------------|
| Management fees payable | (69) | - | - | - | (69) |
| Redemption payable | (2,861) | - | - | - | (2,861) |
| Administration and custody fees payable | (31) | - | - | - | (31) |
| Due to brokers - payable for securities purchased | (349) | - | - | - | (349) |
| Total financial liabilities | (3,310) | - | - | - | (3,310) |

4 Fair value measurement

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

- Financial assets at fair value through profit or loss (FVTPL) (see Note 6)

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value 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)
 - 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 year without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2. 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.

- 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 Investment Manager's best estimates and the discount rate used is a market rate at the end of the reporting year 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 year. 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.

Investments in other managed Funds are recorded at the redemption value per unit as reported by the investment managers of such Funds.

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

4 Fair value measurement (continued)

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

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.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the Investment Manager. Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

Recognised fair value measurement

The following table presents the Fund's financial assets measured and recognised at fair value as at 30 June 2021 and 30 June 2020.

| 30 June 2021 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|--|-----------------------|-----------------------|-----------------------|---------------------|
| Financial assets at fair value through profit or loss | | | | |
| Managed Funds | - | 215,790 | - | 215,790 |
| Total | <u>-</u> | <u>215,790</u> | <u>-</u> | <u>215,790</u> |
| 30 June 2020 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Financial assets at fair value through profit or loss | | | | |
| Managed Funds | - | 245,620 | - | 245,620 |
| Total | <u>-</u> | <u>245,620</u> | <u>-</u> | <u>245,620</u> |

Transfers between levels under Fair value hierarchy

There are no transfers between the levels of the fair value hierarchy during the year ended 30 June 2021 (30 June 2020: Nil).

Movement in level 3 instruments

There were no transfers between levels for the year ended 30 June 2021 (30 June 2020: Nil).

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

| | Year ended | |
|---|---------------------------|---------------------------|
| | 30 June 2021 \$'000 | 30 June 2020 \$'000 |
| Financial assets | | |
| Net realised gains/(losses) on financial assets at fair value through profit or loss | 3,361 | 9,322 |
| Net unrealised gains/(losses) on financial assets at fair value through profit or loss | <u>9,369</u> | <u>(6,230)</u> |
| Net gains/(losses) on financial assets at fair value through profit or loss | <u>12,730</u> | <u>3,092</u> |
| Total net gains/(losses) on financial instruments at fair value through profit or loss | <u>12,730</u> | <u>3,092</u> |

6 Financial assets at fair value through profit or loss

| | As at | |
|--|---|---|
| | 30 June 2021 Fair value \$'000 | 30 June 2020 Fair value \$'000 |
| Financial assets at fair value through profit or loss | | |
| Managed Funds | | |
| International unlisted equity trusts | <u>215,790</u> | 245,620 |
| Total unlisted unit trusts | <u>215,790</u> | 245,620 |
| Total financial assets at fair value through profit or loss | <u>215,790</u> | <u>245,620</u> |

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

7 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. The Fund considers investments in unit trusts and managed Funds to be structured entities. The Fund invests in these unrelated unit trusts and managed Funds for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in unit trusts and managed Funds are disclosed in the following table:

| Name of Entity | Fair value of investments | | Interest held | |
|--|---------------------------|-----------------------|----------------------|----------------------|
| | 30 June 2021 \$ | 30 June 2020 \$ | 30 June 2021 % | 30 June 2020 % |
| Aviva Investors SICAV - Multi- Strategy Target Return Sub-Fund | 215,790,144 | 245,620,460 | 14.07 | 12.13 |

The Fund has exposures to structured entities through its trading activities. The Fund typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset. Exposure to trading assets are managed in accordance with financial risk management practices as set out in Note 3(b), which includes an indication of changes in risk measures compared to prior year.

8 Net assets attributable to unitholders

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

| | As at | | | |
|--------------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
| | 30 June 2021 No.'000 | 30 June 2020 No.'000 | 30 June 2021 \$'000 | 30 June 2020 \$'000 |
| Opening balance | 231,052 | 453,283 | 245,474 | 478,522 |
| Profit/(loss) for the year | - | - | 11,940 | 2,130 |
| Applications | 23,330 | 24,372 | 25,761 | 26,287 |
| Redemptions | (61,854) | (246,603) | (67,350) | (257,719) |
| Distributions paid and payable | - | - | (2,302) | (3,746) |
| Closing balance | <u>192,528</u> | <u>231,052</u> | <u>213,523</u> | <u>245,474</u> |

8 Net assets attributable to unitholders (continued)

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 to 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.

Capital risk management

The Fund classifies its net assets attributable to unitholders as equity. 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 and Investment Manager. 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 a redemption of units if the exercise of such discretion is in the best interests of unitholders.

9 Distributions to unitholders

The distributions for the year were as follows:

| | Year ended | | | |
|--------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2021 | | 30 June 2020 | |
| | \$'000 | CPU | \$'000 | CPU |
| Distributions paid | | | | |
| 30 June | - | - | 3,746 | 2.11 |
| 30 June payable | <u>2,302</u> | <u>1.20</u> | <u>-</u> | <u>-</u> |
| | <u><u>2,302</u></u> | <u><u>1.20</u></u> | <u><u>3,746</u></u> | <u><u>2.11</u></u> |

10 Cash and cash equivalents

| | As at | |
|--|-------------------|---------------------|
| | 30 June 2021 | 30 June 2020 |
| | \$'000 | \$'000 |
| Domestic cash at bank | <u>985</u> | <u>1,200</u> |
| Total cash and cash equivalents | <u><u>985</u></u> | <u><u>1,200</u></u> |

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

| | Year ended | |
|---|----------------------|-----------------------|
| | 30 June 2021 | 30 June 2020 |
| | \$'000 | \$'000 |
| (a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities | | |
| Profit/(loss) for the year | 11,940 | 2,130 |
| Proceeds from sale of financial instruments at fair value through profit or loss | 55,142 | 246,151 |
| Payment for purchases of financial instruments at fair value through profit or loss | (11,642) | (10,390) |
| Net (gains)/losses on financial instruments at fair value through profit or loss | (12,730) | (3,092) |
| Net change in other receivables | 23 | 53 |
| Net change in other payables | 13 | (108) |
| Management fee rebate reinvestment | 174 | 230 |
| Net cash inflow/(outflow) from operating activities | <u><u>42,920</u></u> | <u><u>234,974</u></u> |
| (b) Non-cash financing | | |
| Management fee rebate reinvestment | 174 | 230 |
| Total non-cash financing activities | <u><u>174</u></u> | <u><u>230</u></u> |

12 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 2021 | 30 June 2020 |
| | \$ | \$ |
| Audit of financial statements and assurance services | 14,783 | 15,787 |
| Audit of the compliance plan | 2,255 | 2,481 |
| Taxation services | 6,831 | 6,800 |
| Total | <u><u>23,869</u></u> | <u><u>25,068</u></u> |

13 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

Responsible Entity

The Responsible Entity of the Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235 150).

13 Related party transactions (continued)

Key management personnel

Key management personnel includes persons who were directors of the Responsible Entity ("the Directors of the Responsible Entity") at any time during the financial year as follows:

Vicki Riggio

Richard McCarthy

Simone Mosse

Glenn Foster

Resigned as Director on October 23, 2020

Appointed as a Non-executive Director on February 1, 2021

Phillip Blackmore

Alternate Director for Vicki Riggio

Other key management personnel

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

Management costs and other transactions

Under the terms of the Fund's Constitution the management costs comprise of the management fees payable to the Responsible Entity and the Investment Manager as well as the expenses of the Fund such as costs associated with custody and administration of the Fund, costs associated with the provision of legal and tax services for the Fund, and any incidental expenses.

The all-inclusive management costs are capped at 0.95% (2020: 0.95%) per annum of the net asset value of the Fund, accruing daily and payable in arrears. The Investment Manager's cost is capped at 0.34% (2020: 0.34%), while the rest of the management fees are received by the Investment manager's associates for managing the underlying Sub-Fund. The costs are inclusive of GST and net of any applicable input tax credits and reduced input tax credit.

The capped management costs figure of 0.95% per annum of the Fund NAV comprises the following:

- an aggregate capped amount of 0.90% per annum in respect of:
 - the management fee paid to the Investment Manager; (0.34%) and
 - the Underlying management fee paid to the Underlying Investment Manager; and (0.56%)
- an aggregate capped amount of 0.05% per annum in respect of various operating fees and costs described below (but excluding extraordinary costs).

The types of fees and costs which fall within the 0.05% operating fees and costs cap are described below under the following headings:

- "Responsible Entity fees";
- "Other expenses"; and
- "Additional Fund Administration Fee".

In practice, the Investment Manager will bear these operating fees and costs directly, but will be reimbursed by the Fund on a quarterly basis up to an amount that is capped at 0.05% of the Fund's NAV per annum. The cost caps do not apply to extraordinary costs, such as costs associated with calling and holding unitholder meetings, litigation, terminating the Fund or any investor protection fees charged at the Underlying Sub-Fund.

The Responsible Entity pays AIP as Investment Manager an investment management fee as an expense out of the Fund's assets. This fee forms part of the aggregate capped amount of 0.90% per annum described above. The Constitution provides that the Responsible Entity is entitled to a fee per Fund constitution. The management fee accrues on a daily basis.

The Investment Manager has however agreed to bear Responsible Entity's management fee directly, but may be reimbursed out of the Fund's assets on a quarterly basis although only up to the aggregate amount capped for Fund operating fees and costs of 0.05% per annum, described above. This means that the Investment Manager will bear Responsible Entity's management fees over and above the 0.05% cap.

13 Related party transactions (continued)

Management costs and other transactions (continued)

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

| | Year ended | |
|--|-----------------|-----------------|
| | 30 June 2021 | 30 June 2020 |
| | \$ | \$ |
| Investment management fees charged during the year | 687,317 | 836,431 |
| Investment management fee payable as at year end | 59,143 | 68,810 |

Transactions with key management personnel

Key management personnel services are provided by the Responsible Entity. There was no compensation paid directly by the Fund to any of the key management personnel.

Key management personnel unitholdings

As at 30 June 2021, no key management personnel held units or an interest in units in the Fund (30 June 2020: Nil).

Key management personnel compensation

Key management personnel are paid by a related entity of the Responsible Entity. Payments made from the Fund do not include any amounts directly attributable to key management personnel compensation.

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 year.

Related party unitholdings

The Responsible Entity and its related parties did not hold any units in the Fund as at 30 June 2021 (30 June 2020: Nil).

13 Related party transactions (continued)

Investments

The Fund held investments in the following schemes which were also managed by the Investment Manager's related parties:

| 30 June 2021 | Fair value of Investment* | Interest Held** | Distribution received/ receivable | Number of units acquired | Number of units disposed |
|---|------------------------------|--------------------|---|--------------------------------|--------------------------------|
| Investment | \$ | % | \$ | Units | Units |
| Aviva Investors SICAV - Multi- Strategy Target Return Sub-Fund | <u>215,790,144</u> | 14.07 | - | <u>101,408</u> | <u>(486,682)</u> |
| | <u>215,790,144</u> | | <u>-</u> | <u>101,408</u> | <u>(486,682)</u> |
| 30 June 2020 | Fair value of Investment* | Interest Held** | Distribution received/ receivable | Number of units acquired | Number of units disposed |
| Investment | \$ | % | \$ | Units | Units |
| Aviva Investors SICAV - Multi- Strategy Target Return Sub-Fund | <u>245,620,460</u> | 12.13 | - | <u>96,449</u> | <u>(2,283,944)</u> |
| | <u>245,620,460</u> | | <u>-</u> | <u>96,449</u> | <u>(2,283,944)</u> |

*The fair value of financial assets \$215,790,144 (2020: \$245,620,460) is included in financial assets at fair value through profit or loss in the Statement of financial position.

**This represents the entity's average percentage interest in the total net assets of the investee Funds.

The Fund's maximum exposure to loss from its interest in investee Funds is equal to the total fair value of its investments in the investee funds as there are no off Statement of financial position exposure relating to any of the investee Funds. Once the Fund has disposed of its shares in an investee Fund, it ceases to be exposed to any risk from that investee Fund.

As at 30 June 2021, there are no distribution receivable from related parties (30 June 2020: Nil).

The proportion of ownership interest is equal to the proportion of the voting power held.

The Fund did not hold any investments in the Responsible Entity during the year.

Other transactions within the Fund

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

14 Significant events during the year

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

On February 1, 2021, Glenn Foster was appointed as a Non-executive Director.

There were no other significant events during the year.

15 Events occurring after year end

No significant events have occurred since the end of the reporting date which would impact on the financial position of the Fund disclosed in the Statement of financial position as at 30 June 2021 or on the results and cash flows of the Fund for the year ended on that date.

16 Contingent assets, liabilities and commitments

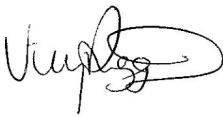
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2021 (30 June 2020: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 25 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 2021 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.



Director

Sydney

24 September 2021



Independent auditor's report

To the unitholders of Aviva Investors Multi-Strategy Target Return Fund

Our opinion

In our opinion:

The accompanying financial report of Aviva Investors Multi-Strategy Target Return Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that appears to read 'Paul Collins' in a cursive script.

Paul Collins
Partner

Sydney
24 September 2021