

Fidelity Global Demographics Fund (Managed Fund)

ARSN 160 557 353

Annual report
for the year ended 30 June 2023

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These financial statements cover Fidelity Global Demographics Fund (Managed Fund) as an individual entity.

The Responsible Entity of Fidelity Global Demographics Fund (Managed Fund) is FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009).

The Responsible Entity's registered office is Level 17, 60 Martin Place, Sydney NSW 2000.

Directors' Report

The directors of FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009) (the "Responsible Entity"), the Responsible Entity of Fidelity Global Demographics Fund (the "Fund"), present their report together with the financial statements of Fidelity Global Demographics Fund, for the year ended 30 June 2023 and the auditor's report therein.

Principal Activities

The Fund invests in Australian equity securities, international equity securities, forward currency contracts, international warrants and cash and cash equivalents. The investment policy of the Fund continues to be in accordance with the provisions of the Fund's Constitution.

The Fund is currently listed on the Australian Securities Exchange (ASX). The admission date was 13 December 2021.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year ended 30 June 2023 (30 June 2022: Nil).

Directors

The following persons held office as directors of the Responsible Entity during the year or since the end of the year and up to the date of this report:

David Midolla

Andrea Jacob

Brian Chambers (Appointed 21 March 2023)

Lawrence Hanson (Appointed 21 March 2023)

Neil Montford (Resigned 29 September 2022)

Brad Fresia (Resigned 30 May 2023)

Review and Results of Operations

The Fund continued to invest funds in accordance with the provisions of the Fund's Constitution.

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

	Year ended	
	30 June 2023	30 June 2022
Profit/(Loss) for the year (\$'000)	<u>22,382</u>	<u>(16,142)</u>
<i>Distributions</i>		
Distributions paid and payable (\$'000)	<u>824</u>	<u>6,191</u>
Distributions (cents per unit)	<u>20.4982</u>	<u>150.2466</u>

Directors' Report (continued)

Significant Changes in State of Affairs

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

Matters Subsequent to the End of the Financial Year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

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

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

Indemnity 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'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. 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 the Fund's property during the year are disclosed in Note 15 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are also disclosed in Note 15 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 10 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.

Rounding of Amounts to the Nearest Thousand Dollars

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

Directors' Report (continued)

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 Responsible Entity.

Director David Midolla
David Midolla

Director Andrea Jacob
Andrea Jacob

Sydney
15 September 2023

15 September 2023

The Board of Directors
FIL Responsible Entity (Australia) Limited
Level 17, 60 Martin Place
Sydney NSW 2000

Dear Directors

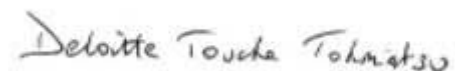
Auditor's Independence Declaration to Fidelity Global Demographics Fund (Managed Fund)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of FIL Responsible Entity (Australia) Limited as Responsible Entity of the Fidelity Global Demographics Fund (Managed Fund) (the "Fund").

As lead audit partner for the audit of the financial report of the Fund for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants

Fidelity Global Demographics Fund (Managed Fund)
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

Statement of Profit or Loss and Other Comprehensive Income

		Year ended	
		30 June 2023	30 June 2022
	Notes	\$'000	\$'000
Investment income/(loss)			
Interest income		90	-
Dividend income		867	929
Net gains/(losses) on financial instruments at fair value through profit or loss (including FX gains/(losses))	6	<u>22,370</u>	<u>(15,891)</u>
Total net investment income/(loss)		<u>23,327</u>	<u>(14,962)</u>
Expenses			
Responsible Entity's fees	15	874	1,099
Custody fees		27	20
Transaction costs		31	58
Other operating expenses		<u>6</u>	<u>1</u>
Total operating expenses		<u>938</u>	<u>1,178</u>
Operating profit/(loss) before income tax		22,389	(16,140)
Income tax expense	16(a)	<u>7</u>	<u>2</u>
Profit/(Loss) for the year		22,382	(16,142)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u>22,382</u>	<u>(16,142)</u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Fidelity Global Demographics Fund (Managed Fund)
Statement of Financial Position
As at 30 June 2023

Statement of Financial Position

		As at	
		30 June 2023	30 June 2022
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents	12	4,076	2,265
Due from brokers - receivable for securities sold		-	332
Receivables		35	88
Other receivables		91	93
Financial assets at fair value through profit or loss	7	<u>103,959</u>	<u>91,815</u>
Total assets		<u>108,161</u>	<u>94,593</u>
Liabilities			
Distribution payable	11	824	6,191
Payables		356	342
Deferred Tax Liability	16 (b)	<u>2</u>	<u>2</u>
Total liabilities		<u>1,182</u>	<u>6,535</u>
Net assets attributable to unitholders - equity	10	<u>106,979</u>	<u>88,058</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Fidelity Global Demographics Fund (Managed Fund)
Statement of Changes in Equity
For the year ended 30 June 2023

Statement of Changes in Equity

		Year ended	
		30 June 2023	30 June 2022
	Notes	\$'000	\$'000
Total equity at the beginning of the year		88,058	100,876
Comprehensive income/(loss) for the year			
Profit/(Loss) for the year		22,382	(16,142)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		22,382	(16,142)
Transactions with unitholders			
Applications	10	11,713	25,912
Redemptions	10	(14,934)	(16,703)
Units issued upon reinvestment of distributions	10	584	306
Distributions paid and payable	10	<u>(824)</u>	<u>(6,191)</u>
Total transactions with unitholders		(3,461)	3,324
Total equity at the end of the year		<u>106,979</u>	<u>88,058</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Fidelity Global Demographics Fund (Managed Fund)
Statement of Cash Flows
For the year ended 30 June 2023

Statement of Cash Flows

		Year ended	
		30 June 2023	30 June 2022
	Notes	\$'000	\$'000
<i>Cash flows from operating activities</i>			
Proceeds from sale of financial instruments at fair value through profit or loss		40,839	45,188
Purchase of financial instruments at fair value through profit or loss		(30,603)	(52,942)
Transaction costs of financial instruments at fair value through profit or loss		(31)	(58)
Dividends received		913	854
Interest received		90	-
Other income received		-	4
Responsible Entity's fees paid		(866)	(1,125)
Payment of other expenses		(33)	(21)
Income tax paid		(7)	-
<i>Net cash inflow/(outflow) from operating activities</i>	13(a)	<u>10,302</u>	<u>(8,100)</u>
<i>Cash flows from financing activities</i>			
Proceeds from applications by unitholders		11,728	25,903
Payments for redemptions by unitholders		(14,928)	(19,435)
Distributions paid from operating activities		<u>(5,607)</u>	<u>(2,286)</u>
<i>Net cash (outflow)/inflow from financing activities</i>		<u>(8,807)</u>	<u>4,182</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>		1,495	(3,918)
Cash and cash equivalents at the beginning of the year		2,265	5,857
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>316</u>	<u>326</u>
<i>Cash and cash equivalents at the end of the year</i>	12	<u>4,076</u>	<u>2,265</u>
Non-cash financing activities	13(b)	584	306

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General Information

These financial statements cover Fidelity Global Demographics Fund (Managed Fund) (the "Fund") as a registered managed investment scheme. The Fund was constituted on 5 October 2012.

The Responsible Entity of the Fund is FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009) (the "Responsible Entity"). The Responsible Entity's registered office is Level 17, 60 Martin Place, Sydney NSW 2000.

The Fund was admitted to trading status on the ASX under the AQUA Rules on 13 December 2021.

The Fund invests in Australian equity securities, international equity securities, forward currency contracts, international warrants and cash and cash equivalents. The investment policy of the Fund continues to be in accordance with the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on 15 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in the Australian currency.

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 do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders where the amount expected to be recovered or settled within 12 months after the end of each reporting period cannot be reliably determined.

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

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

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

(ii) New and Amended Standards Adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 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 1 July 2023 and Have Not Been Early Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023, 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 investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) Recognition / Derecognition

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

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

(iii) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other 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 value of financial instruments are determined please see Note 5 to the financial statements.

(c) Offsetting Financial Instruments

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

(d) 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, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders.

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.

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Fund classifies the net assets attributable to unitholders as equity as they satisfy the following criteria:

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

2 Summary of Significant Accounting Policies (continued)

(e) 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 3 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.

(f) 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.

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

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) of the financial statements.

(g) Expenses

All expenses, including Responsible Entity's fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

(h) Income Tax

The income tax expenses or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Under current legislation, the Fund is not subject to Australian Income Tax provided it attributes the entirety of its taxable income to its unitholders. Foreign income taxes are calculated on the basis of tax laws enacted or substantively enacted at the Statement of Financial Position date. Deferred income tax is recognised for temporary differences using tax rates that are expected to apply when the temporary difference reverses, based on the manner in which the Fund expects to recover or settle the assets and liabilities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised, and deferred tax assets are offset against deferred tax liabilities when there is a legally enforceable right to set off and when the deferred income taxes relate to the same taxation authority.

(i) Distributions

Distributions are payable as set out in the Fund's Product Disclosure Statement and/or Fund's Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Fund.

2 Summary of Significant Accounting Policies (continued)

(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 date 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 when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within 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. The due from brokers balance is held for collection and consequently measured at amortised cost.

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

(l) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

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

The amount of the impairment loss is recognised in profit or loss within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(m) Payables

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

2 Summary of Significant Accounting Policies (continued)

(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 (RITC) at a rate of 55% or 75%; hence investment management fees, custodial fees and other expenses have been recognised in the Statement of Profit or Loss and Other 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 reviewed by experienced personnel of the Responsible Entity, 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 management 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 the short term nature of these financial instruments.

(q) Rounding of Amounts

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

3 Financial Risk Management

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

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The Fund uses derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the investment manager as agent for, and under policies approved by, the directors of the Responsible Entity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

The Responsible Entity further mitigates this risk by undertaking ongoing monitoring, together with annual site visits of the Fund's service providers, focusing on their general control environments and the investment management, administration and custodial functions as provided to the Fund.

3 Financial Risk Management (continued)

(a) Market Risk

(i) Price Risk

The Fund is exposed to equity securities and derivative price risk. 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 2023 and 30 June 2022.

The investment manager 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.

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

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Equity securities at fair value through profit or loss	103,958	91,815
Equity derivative assets at fair value through profit or loss	1	-
Net total	103,959	91,815

The table presented in Note 3(b) summarises the impact on profit and net assets attributable to unitholders from possible changes in market prices that were reasonably based on the risk that the Fund was exposed to at reporting date.

(ii) Foreign Exchange Risk

The Fund has exposure to foreign assets and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. Monetary assets/liabilities comprise of cash and cash equivalents and bank overdrafts. All other assets/liabilities are non-monetary. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. The risk is measured using sensitivity analysis.

The foreign exchange risk disclosures have been prepared on the basis of the Fund's direct investments and not on a look through basis to investments held via interposed investment funds. In addition, any currency hedging to minimise the impact of foreign exchange risk has not been incorporated into the disclosures unless the derivatives are held directly in this Fund.

In accordance with the Fund's policy, the investment manager monitors the Fund's foreign exchange exposure on a daily basis.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(ii) Foreign Exchange Risk (continued)

The tables below summarise the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar.

	US Dollars \$'000	Euros \$'000	British Pounds \$'000	Japanese Yen \$'000	Other currencies \$'000
30 June 2023					
Assets					
Cash and cash equivalents	3,969	-	-	14	60
Receivables	-	49	-	-	24
Other receivables	19	-	-	-	16
Financial assets at fair value through profit or loss	<u>61,308</u>	<u>20,917</u>	<u>3,862</u>	<u>5,637</u>	<u>12,234</u>
Total assets	<u>65,296</u>	<u>20,966</u>	<u>3,862</u>	<u>5,651</u>	<u>12,334</u>

Net increase/(decrease) in exposure from foreign currency derivatives

- Buy foreign currency	18	-	-	-	-
- Sell foreign currency	<u>(215)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net exposure including foreign currency derivatives	<u>65,099</u>	<u>20,966</u>	<u>3,862</u>	<u>5,651</u>	<u>12,334</u>

30 June 2022

Assets					
Cash and cash equivalents	1,428	34	-	22	705
Receivables	35	-	-	-	53
Other receivables	-	46	-	-	14
Due from brokers - receivable for securities sold	300	-	-	-	32
Financial assets at fair value through profit or loss	<u>54,356</u>	<u>14,422</u>	<u>3,581</u>	<u>5,158</u>	<u>14,298</u>
Total assets	<u>56,119</u>	<u>14,502</u>	<u>3,581</u>	<u>5,180</u>	<u>15,102</u>

Net increase/(decrease) in exposure from foreign currency derivatives

- Buy foreign currency	57	-	-	-	-
- Sell foreign currency	<u>(243)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net exposure including foreign currency derivatives	<u>55,933</u>	<u>14,502</u>	<u>3,581</u>	<u>5,180</u>	<u>15,102</u>

The table presented in Note 3(b) summarises sensitivity analysis of monetary assets to foreign exchange risk.

(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 2023, the total investment in cash of the Fund was \$4,075,898 (2022: \$ 2,265,005).

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.

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

3 Financial Risk Management (continued)

(b) Summarised Sensitivity Analysis

The following tables summarise the sensitivity of the Fund's profit and net assets attributable to unitholders to foreign exchange risk and price risk.

	Impact on profit and net assets attributable to unitholders			
	As at			
	30 June 2023		30 June 2022	
	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000
Price Risk	10,396	(10,396)	9,182	(9,182)

Foreign Exchange Risk	Change in currency rate		Impact on profit and net assets attributable to unitholders	
	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000
USD	+10	-10	396	(396)
JPY	+10	-10	1	(1)
Other Currencies	+10	-10	6	(6)

Foreign Exchange Risk	Change in currency rate		Impact on profit and net assets attributable to unitholders	
	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000
USD	+10	-10	143	(143)
EUR	+10	-10	3	(3)
JPY	+10	-10	2	(2)
Other currencies	+10	-10	71	(71)

(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 Fund is exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables.

Credit risk is managed by ensuring that:

- counterparties with respective credit limits are approved by the Responsible Entity; and
- transactions are undertaken with a number of counterparties.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

There were no significant concentrations of credit risk to counterparties of the Fund at 30 June 2023 (2022: Nil).

3 Financial Risk Management (continued)

(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 traded in active markets and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The Responsible Entity monitors liquidity of the Fund on a daily basis. In order to manage the Fund's overall liquidity, the Fund has the ability to suspend unit pricing and hence suspend redemption requests. The Fund did not suspend redemptions as a result of suspending unit pricing in the current or prior year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
30 June 2023					
Distribution payable	824	-	-	-	824
Payables	<u>356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356</u>
Total	<u>1,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180</u>
 30 June 2022					
Distribution payable	6,191	-	-	-	6,191
Payables	<u>342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342</u>
Total	<u>6,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,533</u>

4 Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are reported on a gross basis in the Statement of Financial Position. The Fund did not hold any derivative instruments that had a legally enforceable right to offset as at 30 June 2023 (2022: Nil).

5 Fair Value Measurement

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

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (see Note 7 and 8)
- Derivative financial instruments (see Note 9)

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

Fair Value Hierarchy

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

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

(i) Fair Value in an Active Market (Level 1)

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

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.

(ii) Fair Value in an Inactive or Unquoted Market (Level 2 and Level 3)

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

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

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

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

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

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

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

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.

5 Fair Value Measurement (continued)

Recognised Fair Value Measurements

The tables below set out the Fund's financial assets and financial liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2023 and 30 June 2022.

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Equity securities	<u>103,958</u>	<u>1</u>	<u>-</u>	<u>103,959</u>
Total	<u>103,958</u>	<u>1</u>	<u>-</u>	<u>103,959</u>

30 June 2022

Financial assets at fair value through profit or loss				
Equity securities	<u>91,815</u>	<u>-</u>	<u>-</u>	<u>91,815</u>
Total	<u>91,815</u>	<u>-</u>	<u>-</u>	<u>91,815</u>

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

Transfers Between Levels

There were no transfers between the levels of the fair value hierarchy during the years ended 30 June 2023 and 30 June 2022.

6 Net Gains/(Losses) on Financial Instruments at Fair Value Through Profit or Loss (Including FX Gains/(Losses))

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

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Net unrealised gains/(losses) financial instruments at fair value through profit or loss	18,737	(23,017)
Net realised gains on financial instruments at fair value through profit or loss	<u>3,633</u>	<u>7,126</u>
Total net gains/(losses) on financial instruments at fair value through profit or loss	<u>22,370</u>	<u>(15,891)</u>

7 Financial Assets at Fair Value Through Profit or Loss

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit or loss		
Derivatives	1	-
Equity securities	<u>103,958</u>	<u>91,815</u>
Total financial assets at fair value through profit or loss	<u>103,959</u>	<u>91,815</u>
Comprising:		
Derivatives		
Forward currency contracts	<u>1</u>	<u>-</u>
Total derivatives	<u>1</u>	<u>-</u>
Equity securities		
International equity securities listed on a prescribed stock exchange	<u>103,958</u>	<u>91,815</u>
Total equity securities	<u>103,958</u>	<u>91,815</u>
Total financial assets at fair value through profit or loss	<u>103,959</u>	<u>91,815</u>

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

8 Derivative Financial Instruments

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

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

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

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

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

The Fund may hold the following derivative financial instruments during the year:

Forward Currency Contracts

Forward currency contracts are primarily used by the Fund to manage against foreign currency risks on its investments. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

Futures

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

8 Derivative Financial Instruments (continued)

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the end of each reporting period.

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

	30 June 2023			30 June 2022		
	Fair values			Fair values		
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	233	1	-	300	-	-
	<u>233</u>	<u>1</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>

Risk Exposures and Fair Value Measurements

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

9 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 arrangement with an entity which creates variability in returns from the performance of the arrangement for the Fund.

The Fund may invest in related and unrelated managed funds and considers these underlying fund investments to be interests in structured entities. The Fund generally has no involvement with these structured entities other than the securities it holds as part of its investments. The maximum exposure to loss on investments in structured entities is restricted to the carrying value of the asset.

10 Net Assets Attributable to Unitholders

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

The Fund meets the criteria set out under AASB 132 and net assets attributable to unitholders is classified as equity.

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

	As at			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	No. '000	No. '000	\$'000	\$'000
Opening balance	4,120	3,793	88,058	100,876
Applications	501	1,125	11,713	25,912
Redemptions	(629)	(809)	(14,934)	(16,703)
Units issued upon reinvestment of distributions	27	11	584	306
Distributions paid and payable	-	-	(824)	(6,191)
Profit/(Loss) for the year	-	-	22,382	(16,142)
Closing balance	<u>4,019</u>	<u>4,120</u>	<u>106,979</u>	<u>88,058</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund. Units are redeemed on demand at the unitholder's option.

Capital Risk Management

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

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund'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.

Entering and exiting the Fund

The Fund was admitted to trading status on the ASX under the AQUA Rules on 13 December 2021. Previously investors could only enter or exit the Fund by applications to or withdrawals directly from the Responsible Entity. Investors can now enter or exit the Fund via buying/selling units on the ASX or by applications/withdrawals direct to/from the Responsible Entity.

There are important differences between entering and exiting the Fund by applying for and withdrawing units directly with the Responsible Entity or via the ASX. These differences include, but are not limited to, the entry and exit price received, and whether investment minimums apply. Further details are available in the Fund's PDS.

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

11 Distributions to Unitholders

The distributions during the year were as follows:

	Year ended			
	30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU
Distributions payable				
- 30 June	824	20.4982	6,191	150.2466

12 Cash and Cash Equivalents

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Domestic cash at bank	33	76
Foreign cash at bank	<u>4,043</u>	<u>2,189</u>
Total cash and cash equivalents	<u>4,076</u>	<u>2,265</u>

13 Reconciliation of Profit/(Loss) to Net Cash Outflow from Operating Activities

	Year ended	
	30 June 2023	30 June 2022
	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash outflow from operating activities		
Profit/(Loss) for the year	22,382	(16,142)
Net (gains)/losses on financial instruments at fair value through profit or loss	(22,370)	15,891
Proceeds from sale of financial instruments at fair value through profit or loss	40,839	45,188
Purchase of financial instruments at fair value through profit or loss	(30,603)	(52,942)
Net change in receivables	46	(61)
Net change in payables	8	(22)
Net change in Deferred Tax Liability	-	(2)
Distributions reinvested	<u>-</u>	<u>(10)</u>
Net cash inflow/(outflow) from operating activities	<u>10,302</u>	<u>(8,100)</u>
(b) Non-cash financing and investing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>584</u>	<u>306</u>

14 Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Fund.

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
Deloitte Touche Tohmatsu		
Audit and other assurance services		
Audit and review of financial statements	25,135	22,495
Statutory assurance services required		
Audit of compliance plan	<u>6,223</u>	<u>5,762</u>
	<u>31,358</u>	<u>28,257</u>
Other services		
Tax compliance services	<u>12,000</u>	<u>10,500</u>
	<u>12,000</u>	<u>10,500</u>
Total	<u>43,358</u>	<u>38,757</u>

All fees were borne by the Responsible Entity during the years ended 30 June 2023 and 30 June 2022.

15 Related Party Transactions

Responsible Entity

The Responsible Entity of the Fund is FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009) (the "Responsible Entity"). The registered office of the Responsible Entity and the Fund is Level 17, 60 Martin Place, Sydney NSW 2000.

Key Management Personnel

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

David Midolla

Andrea Jacob

Brian Chambers (Appointed 21 March 2023)

Lawrence Hanson (Appointed 21 March 2023)

Neil Montford (Resigned 29 September 2022)

Brad Fresia (Resigned 30 May 2023)

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

Responsible Entity's Fees and Other Transactions

During the year ended 30 June 2023, the Responsible Entity received an all-inclusive management fee of 0.89% (2022: 0.89%) of Net Asset Value (inclusive of GST, net of RITC available to the Fund).

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

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
Responsible Entity's fees for the year	874,461	1,098,763
Total fees payable to the Responsible Entity for the year	77,035	69,157

Transactions With Key Management Personnel

Key management personnel services are provided by the Responsible Entity and included in the management fees disclosed above. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

The following transactions occurred with key management personnel during the reporting period:

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
Application for units	-	1,756

15 Related Party Transactions (continued)

Key Management Personnel Unitholdings

At 30 June 2023, no key management personnel held units in the Fund.

During 2022, the key management personnel of the Responsible Entity directly or indirectly through a related party held units or an interest in units in the Fund as follows:

30 June 2022 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held %	Number of units acquired Units	Number of units disposed Units	Distribution paid/payable by the Fund \$
Alva Devoy	2,406	2,488	53,079	-	82	-	1,643

Key Management Personnel Remuneration

Key management personnel are paid by the Responsible Entity. Payments made from the Fund do not include any amounts directly attributable to key management personnel remuneration.

Key Management Personnel Loan Disclosures

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

Related Party Unitholdings

At 30 June 2023, other than the key management personnel mentioned above, there were no related parties holding units in the Fund (2022: Nil).

Investments

The Fund did not hold any investments in the Responsible Entity during the year (2022: Nil).

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.

16 Current and Deferred Income Taxes

(a) Income Tax Expense/(benefit)

The amount of income tax recognised in the Statement of Profit or Loss and Other Comprehensive Income represents:

	Year ended	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current income tax	7	-
Deferred income tax	-	2
Income tax expense	7	2

The income tax expense differs from the amount that would arise from applying the Australian income tax rate applicable to the Fund on profit for the year due to the following:

	Year ended	
	30 June 2023	30 June 2022
	\$'000	\$'000
Operating Profit/(loss) before income tax	22,389	(16,140)
Tax at the applicable Australian tax rate of 0% (2022 - 0%)	-	-
Effect of:		
Capital gains tax in foreign jurisdictions on financial assets	7	2
Income tax expense	7	2

(b) Deferred Tax

The deferred tax balance comprises temporary differences attributable to:

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Deferred tax assets		
Carry forward tax losses on financial assets at fair value through profit or loss	-	-
Deferred tax liabilities		
Unrealised gains on financial assets at fair value through profit or loss	2	2
Net deferred tax liability after set-off of deferred tax assets	2	2

All changes in the deferred tax balances are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

17 Events Occurring After the Reporting Period

No significant events have occurred since the end of the reporting period up to the date of signing the financial report, which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2023 or on the results and cash flows of the Fund for the year ended on that date.

18 Contingent Assets, Liabilities and Commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 (2022: 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 26 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 2023 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 of the Responsible Entity.

Director David Midolla
David Midolla

Director Andrea Jacob
Andrea Jacob

Sydney
15 September 2023

Independent Auditor's Report to the Unitholders of Fidelity Global Demographics Fund (Managed Fund)

Opinion

We have audited the financial report of Fidelity Global Demographics Fund (Managed Fund) (the "Fund") which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 & 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Existence and valuation of financial assets and financial liabilities at fair value through profit or loss</p> <p>As disclosed in Note 7, financial assets at fair value through profit or loss are \$103,959,000 as at 30 June 2023, representing 97% of the Net Asset Value.</p> <p>Financial assets and financial liabilities represent the most significant balances in the statement of financial position and are the primary drivers of net asset value and investment performance.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating key controls in place at the service provider in relation to the existence and valuation of financial assets and liabilities, including any exceptions noted; • Obtaining independent confirmations from the custodian/relevant counterparties for a sample of financial assets and financial liabilities held at 30 June 2023 and agreeing the units held to the investment portfolio and testing reconciling trades to assess that they have been recorded in the correct period including a review of unsettled trades; and • On a sample basis, independently valuing listed equities by assessing the last traded market price to external pricing sources and comparing the prices published by independent pricing sources to the investment portfolio; and • Testing on a sample basis, forward foreign exchange contracts and futures by assessing valuation inputs to observable market data. <p>We also assessed the appropriateness of the disclosures included in Note 7 to the financial statements.</p>

Other Information

The directors of the Responsible Entity (the “Directors”) are responsible for the other information. The other information comprises the information included in the Fund’s annual report for the year ended 30 June 2023 but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and 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, 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 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 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 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 either intend to liquidate the Fund or to cease operations, or has 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 this financial report.

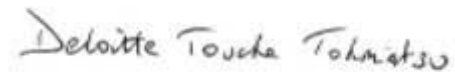
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants

Sydney, 15 September 2023