

# **AB Concentrated Australian Equities Fund**

ARSN 102 668 100

## **Annual Report**

**For the year ended 30 June 2023**

# AB Concentrated Australian Equities Fund

ARSN 102 668 100

## Annual Report

For the year ended 30 June 2023

### Contents

	Page
Directors' report	2
Auditor's independence declaration	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	33
Independent auditor's report to the unitholders of AB Concentrated Australian Equities Fund	34

This annual report covers AB Concentrated Australian Equities Fund as an individual entity.

The Responsible Entity of AB Concentrated Australian Equities Fund is AllianceBernstein Investment Management Australia Limited (ABN 58 007 212 606). The Responsible Entity's registered office is:

Level 32 Aurora Place, 88 Phillip Street, Sydney, NSW 2000.

## Directors' report

The directors of AllianceBernstein Investment Management Australia Limited ("ABIMAL") (ABN 58 007 212 606), the Responsible Entity of AB Concentrated Australian Equities Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2023.

### Principal activities

The Fund invests in Australian equity securities.

The Fund did not have any employees during the year.

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

### Directors

The following persons held office as directors of ABIMAL during the year and up to the date of this report:

Stuart Campbell Rae  
Steven Michael Eisenberg (resigned on 9 September 2022)  
Ajai Mohan Kaul  
Jennifer Agnes Driscoll  
Emma Catherine Quinn (resigned on 28 February 2023)  
Eileen Koo (appointed, effective 16 March 2023)  
Gerald Francis Spada (appointed, effective 3 June 2023)

### Review and results of operations

The longer-term adverse effect on world economies and markets of the COVID-19 pandemic and the continuing war in Ukraine (and its potential for escalation), are difficult to predict and have resulted in economic uncertainty and inflation. While economies are moving on, the impact of inflation and increasing interest rates are of concern. As a result, the Fund may still be adversely impacted by the on-going effects of these factors.

During the year, the Fund invested its assets in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund'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
	\$	\$
Operating profit/(loss) before finance costs attributable to unitholders	<u>54,613,661</u>	<u>30,810,723</u>
Distributions paid and payable	<u>20,497,747</u>	<u>10,234,619</u>
Distributions (cents per unit)	<u>5.42</u>	<u>3.45</u>

### Unit redemption prices

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

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
At 30 June	1.3940	1.2890	1.2176	1.0212	1.1926

## **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.

### **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,
- (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.

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

### **Indemnity and insurance of officers**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of ABIMAL or the auditors of the Fund. So long as the officers of ABIMAL 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.

### **Indemnity of auditors**

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 17 of the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 17 of the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in note 10 of 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 of 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 dollar

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar 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 5.

This report is made in accordance with a resolution of the directors.



Jennifer Agnes Driscoll  
Director

Sydney  
14 September 2023



## Auditor's Independence Declaration

As lead auditor for the audit of AB Concentrated Australian Equities Fund for the year ended 30 June 2023, 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 'Joe Sheeran'.

Joe Sheeran  
Partner  
PricewaterhouseCoopers

Sydney  
14 September 2023

## Statement of comprehensive income

		Year ended	
		30 June 2023	30 June 2022
	Notes	\$	\$
<b>Investment income</b>			
Dividend income		23,491,257	16,842,202
Interest income		232,187	-
Net gains/(losses) on financial instruments at fair value through profit or loss	6	<u>33,329,343</u>	<u>16,226,164</u>
<b>Total net investment income/(loss)</b>		<u>57,052,787</u>	<u>33,068,366</u>
<b>Expenses</b>			
Manager's fees	17	2,060,093	1,930,084
Dividend withholding tax expenses		-	85,592
Transaction costs		359,886	230,532
Other operating expenses		<u>19,147</u>	<u>11,435</u>
<b>Total operating expenses</b>		<u>2,439,126</u>	<u>2,257,643</u>
<b>Profit/(loss) for the year</b>		<u>54,613,661</u>	<u>30,810,723</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u>54,613,661</u>	<u>30,810,723</u>

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

## Statement of financial position

		As at	
		30 June	30 June
		2023	2022
	Notes	\$	\$
<b>Assets</b>			
Cash and cash equivalents	12	5,524,702	11,254,794
Margin accounts		205,441	1,032,692
Due from brokers - receivable for securities sold		-	1,379,389
Receivables	15	2,486,614	2,622,749
Financial assets at fair value through profit or loss	7	545,480,569	382,231,813
<b>Total assets</b>		<u>553,697,326</u>	<u>398,521,437</u>
<b>Liabilities</b>			
Payables	16	620,687	522,501
Due to brokers - payable for securities purchased		-	2,288,133
Distributions payable	11	11,907,932	5,727,319
Financial liabilities at fair value through profit or loss	8, 9	-	632,958
<b>Total liabilities</b>		<u>12,528,619</u>	<u>9,170,911</u>
<b>Net assets attributable to unitholders - equity</b>	10	<u>541,168,707</u>	<u>389,350,526</u>

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



## Statement of changes in equity

		Year ended	
		30 June 2023	30 June 2022
	Notes	\$	\$
<b>Total equity at the beginning of the financial year</b>	10	<b>389,350,526</b>	344,802,191
<b>Comprehensive income for the year</b>			
Profit/(loss) for the year		54,613,661	30,810,723
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>54,613,661</b>	<b>30,810,723</b>
<b>Transactions with unitholders</b>			
Applications	10	129,339,378	16,243,522
Redemptions	10	(18,632,011)	(1,000,000)
Reinvestment of distributions	10	6,994,900	8,728,709
Distributions paid and payable	10	(20,497,747)	(10,234,619)
<b>Total transactions with unitholders</b>		<b>97,204,520</b>	<b>13,737,612</b>
<b>Total equity at the end of the financial year</b>		<b>541,168,707</b>	<b>389,350,526</b>

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

## Statement of cash flows

		Year ended	
		30 June 2023	30 June 2022
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		231,682,308	129,271,194
Purchase of financial instruments at fair value through profit or loss		(363,143,423)	(145,854,482)
Amount received from/(paid to) brokers for margin		827,251	(1,032,692)
Dividends received		23,649,358	14,804,828
Interest received		212,606	-
Manager's fees paid		(2,039,689)	(1,844,174)
Payment of other operating expenses		(377,825)	(251,192)
<b>Net cash inflow/(outflow) from operating activities</b>	13(a)	<u>(109,189,414)</u>	<u>(4,906,518)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		129,339,378	16,243,522
Payments for redemptions by unitholders		(18,557,822)	(1,000,000)
Distributions paid		<u>(7,322,234)</u>	<u>-</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>103,459,322</u>	<u>15,243,522</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,730,092)</b>	<b>10,337,004</b>
Cash and cash equivalents at the beginning of the year		<u>11,254,794</u>	<u>917,790</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><b>5,524,702</b></u>	<u><b>11,254,794</b></u>
Non-cash financing activities	13(b)		

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

## Contents of the notes to the financial statements

	Page
1 General Information	11
2 Summary of significant accounting policies	11
3 Financial risk management	16
4 Offsetting financial assets and financial liabilities	20
5 Fair value measurement	21
6 Net gains/(losses) on financial instruments at fair value through profit or loss	23
7 Financial assets at fair value through profit or loss	24
8 Financial liabilities at fair value through profit or loss	26
9 Derivative financial instruments	26
10 Net assets attributable to unitholders	27
11 Distributions to unitholders	28
12 Cash and cash equivalents	28
13 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	29
14 Remuneration of auditors	29
15 Receivables	30
16 Payables	30
17 Related party transactions	30
18 Events occurring after the reporting period	32
19 Contingent assets and liabilities and commitments	32

## 1 General Information

These financial statements cover AB Concentrated Australian Equities Fund (the "Fund") as an individual entity. The Fund was constituted on 7 March 2001, registered by ASIC as a managed investment scheme on 11 November 2002 and commenced operations on 5 April 2001. The Fund will terminate on 5 April 2081 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is AllianceBernstein Investment Management Australia Limited ("ABIMAL") (ABN 58 007 212 606) (the "Responsible Entity"). The Responsible Entity's registered office is Level 32 Aurora Place, 88 Phillip Street, Sydney, NSW 2000. The financial statements are presented in Australian currency.

The Fund invests in Australian equity securities in accordance with the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on 14 September 2023. 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 Accounting Standards Board and the *Corporations Act 2001* in Australia. The Fund is a for profit entity for the purpose of preparing the financial statements.

These financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

The 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 balance sheet date.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder's 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

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 Fund.

## 2 Summary of significant accounting policies (continued)

### (b) Financial assets and liabilities at fair value through profit or loss

#### (i) Classification

##### *Assets*

The Fund classify their investments based on their business models for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund portfolios of financial assets are managed and their performance are evaluated on a fair value basis in accordance with the Fund documented investment strategies. The Fund uses fair value information to assess performance of the portfolios 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 policies are 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.

##### *Liabilities*

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 the Fund has transferred substantially all risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments 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 5 to the financial statements.

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Refer to note 4 to the financial statements for further information.

### (c) Net assets attributable to unitholders

Units are redeemable 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 balance sheet 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.

## 2 Summary of significant accounting policies (continued)

### (c) Net assets attributable to unitholders (continued)

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 unit holders 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;
- apart from the contractual obligation to redeem the units, 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 unfavorable 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.

### (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.

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 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 recognized in the statement of 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) to the financial statements.

### (f) Expenses

All expenses, including Responsible Entity's fees, manager's fees and custodian'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 unit holders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

## 2 Summary of significant accounting policies (continued)

### (h) Distributions

In accordance with the Fund's Constitution, the Fund distributes its distributable income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of changes in equity.

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

Income not distributed is included in net assets attributable to unitholders.

### (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 the statement of comprehensive income in other operating income or expense.

Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair values 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. 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) Deposits held with brokers for margin

Deposits held with brokers for margin comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

## 2 Summary of significant accounting policies (continued)

### (m) Receivables

Receivables may include amounts for dividends and interest. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(e). 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.

### (n) Payables

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

### (o) 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.

Unit prices are determined by reference to the net assets of the Fund divided by the number of units on issue at or immediately prior to the close of business each day. Issues and redemptions of units are processed simultaneously.

### (p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial 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 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.

### (q) Use of estimates

The directors of the Responsible Entity make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. 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, 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 receivables, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.



## 2 Summary of significant accounting policies (continued)

### (r) Rounding of amounts

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

## 3 Financial risk management

The Fund's investment activities expose it to a number of risks primarily market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Fund's Investment Manager manages these risks by researching markets and securities, selecting securities and constructing a portfolio consistent with the Fund's Investment Strategy set out in its Information Memorandum. The Fund's Investment Strategy sets out the Fund's financial risk management policies and investment restrictions. The Investment Manager monitors compliance with the Fund's Investment Strategy daily and reports monthly to 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 price risk of the investments of the Fund.

### (a) Market risk

#### (i) Price Risk

The Fund's equity investments expose it to risks associated with fluctuations in security prices. Price risk is measured and managed against exposure limits set out in the Fund's Investment Strategy. Where non-monetary financial instruments are denominated in currencies other than Australian Dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is managed and measured.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The Fund's overall risk management program focuses on implementing its Australian value equity strategy that provides exposure to an actively managed, high conviction equity portfolio. The Investment Manager uses a combination of thorough company level (fundamental) research and quantitative risk tools to select investments that we consider to have the most attractive return prospects. The Fund may use derivative financial instruments to alter certain risk exposures.

The table on page 18 summarises sensitivity analysis to price risk.

#### (ii) Foreign exchange risk

The majority of the Fund's assets are equities denominated in Australian Dollar. Therefore, the Fund is not subject to significant risk due to fluctuations in the prevailing levels of foreign exchange rates.

#### (iii) Interest rate risk

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

The Fund's exposure to interest rate risk is limited to cash at bank and deposits held with broker for margin.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

The following table summarises the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair value, categorised by the earlier of contractual repricing or maturity date.

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2023</b>				
<b>Assets</b>				
Cash and cash equivalents	5,524,702	-	-	5,524,702
Margin accounts	205,441	-	-	205,441
Receivables	-	-	2,486,614	2,486,614
Financial assets at fair value through profit or loss	-	-	545,480,569	545,480,569
<b>Liabilities</b>				
Payables	-	-	620,687	620,687
Distributions payable	-	-	11,907,932	11,907,932
	<u>5,730,143</u>	<u>-</u>	<u>535,438,564</u>	<u>541,168,707</u>
Net exposure	<u>5,730,143</u>	<u>-</u>	<u>535,438,564</u>	<u>541,168,707</u>
	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2022</b>				
<b>Assets</b>				
Cash and cash equivalents	11,254,794	-	-	11,254,794
Margin accounts	1,032,692	-	-	1,032,692
Due from brokers - receivable for securities sold	-	-	1,379,389	1,379,389
Receivables	-	-	2,622,749	2,622,749
Financial assets at fair value through profit or loss	-	-	382,231,813	382,231,813
<b>Liabilities</b>				
Payables	-	-	522,501	522,501
Due to brokers - payable for securities purchased	-	-	2,288,133	2,288,133
Distributions payable	-	-	5,727,319	5,727,319
Financial liabilities at fair value through profit or loss	-	-	632,958	632,958
	<u>12,287,486</u>	<u>-</u>	<u>377,063,040</u>	<u>389,350,526</u>
Net exposure	<u>12,287,486</u>	<u>-</u>	<u>377,063,040</u>	<u>389,350,526</u>

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price risk. The Fund does not have a significant exposure to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk	
	Impact on operating profit/Net assets attributable to unitholders	
	-20%	+20%
	\$	\$
30 June 2023	(109,096,114)	109,096,114
30 June 2022	(76,319,771)	76,319,771

The sensitivity factors for 30 June 2022 were +/-20% for price risk.

#### (c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The Fund's exposure to credit risk is limited to cash and cash equivalents held with financial institutions and amounts due from brokers. The fund is also exposed to counterparty credit risk on derivative financial instruments. None of these assets are impaired nor past due.

The clearing and depository operations of the Fund's security transactions are mainly concentrated with one counterparty namely State Street Australia Limited. At 30 June 2023, State Street Australia Limited had a credit rating of AA (2022: AA). As at 30 June 2023, substantially all cash and investments are held in custody by State Street Australia Limited.

#### (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 holds marketable securities and derivatives that can be readily sold to fund redemption requirements.

The Fund may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer or counterparty. No such investments were held at year end.

Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to defer, adjust or suspend a redemption of units if the exercise of such discretion is in the best interests of unitholders.

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Net Assets attributable to unitholders is not considered a financial liability but has been included below as units are redeemed on demand at the unitholder's option. However, the Board of Directors does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
<b>As at 30 June 2023</b>					
Payables	620,687	-	-	-	-
Distributions payable	11,907,932	-	-	-	-
Net assets attributable to unitholders	<u>541,168,707</u>	-	-	-	-
<b>Contractual cash flows (excluding derivatives)</b>	<u>553,697,326</u>	-	-	-	-

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
<b>As at 30 June 2022</b>					
Payables	522,501	-	-	-	-
Due to brokers - payable for securities purchased	2,288,133	-	-	-	-
Distributions payable	5,727,319	-	-	-	-
Net assets attributable to unitholders	<u>389,350,526</u>	-	-	-	-
<b>Contractual cash flows (excluding derivatives)</b>	<u>397,888,479</u>	-	-	-	-

#### (i) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments. There were no net settled derivatives in a liability position as at 30 June 2023.

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$
<b>As at 30 June 2022</b>				
Australian share price index futures	-	(632,958)	-	-

#### (e) Other risks

The longer-term adverse effect on world economies and markets of the COVID-19 pandemic and the continuing war in Ukraine (and its potential for escalation), are difficult to predict and have resulted in economic uncertainty and inflation. While economies are moving on, the impact of inflation and increasing interest rates are of concern. As a result, the Fund may still be adversely impacted by the on-going effects of these factors.

#### 4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the tables below.

Financial assets	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial assets	Gross amounts set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral pledged	Net amount
	\$	\$	\$	\$	\$	\$
<b>2023</b>						
Derivative financial instruments (i)	6,519	-	6,519	-	-	6,519
<b>Total</b>	6,519	-	6,519	-	-	6,519
<b>2022</b>						
Derivative financial instruments (i)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
Financial liabilities	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral pledged	Net amount
	\$	\$	\$	\$	\$	\$
<b>2023</b>						
Derivative financial instruments (i)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>2022</b>						
Derivative financial instruments (i)	632,958	-	632,958	-	(632,958)	-
<b>Total</b>	632,958	-	632,958	-	(632,958)	-

#### 4 Offsetting financial assets and financial liabilities (continued)

(i) *Master netting arrangement – not currently enforceable*

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the above table.

#### 5 Fair value measurement

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

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (see note 7 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.

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 last traded 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 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services of the valuation of its investments.

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.

## 5 Fair value measurement (continued)

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

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

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

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

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

### Recognised fair value measurements

The following tables present the Fund's assets and liabilities measured and recognised at fair value as at 30 June 2023 and 30 June 2022.

As at 30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Derivatives	6,519	-	-	6,519
Equity securities	545,474,050	-	-	545,474,050
Total	545,480,569	-	-	545,480,569
As at 30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Equity securities	368,333,313	-	-	368,333,313
Unit trusts	13,898,500	-	-	13,898,500
Total	382,231,813	-	-	382,231,813
<b>Financial liabilities</b>				
Derivatives	632,958	-	-	632,958
Total	632,958	-	-	632,958

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.

### (i) Transfer between levels

There were no transfers between levels during the year.

### (ii) Movement in level 3 instruments

There were no investments classified as level 3 within the Fund as at 30 June 2023 and 30 June 2022.

## 5 Fair value measurement (continued)

(iii) *Fair value of financial instruments not carried at fair value*

Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

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

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

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
<b>Financial assets</b>		
Net gain/(loss) on financial assets at fair value through profit or loss	32,696,532	16,859,142
<b>Financial liabilities</b>		
Net gain/(loss) on financial liabilities at fair value through profit or loss	<u>632,811</u>	<u>(632,978)</u>
Total net gains/(losses) on financial instruments at fair value through profit or loss	<u>33,329,343</u>	<u>16,226,164</u>



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

	30 June 2023 \$	As at 30 June 2022 \$
<b>Financial assets at fair value through profit or loss</b>		
Derivatives	6,519	-
Equity securities	545,474,050	368,333,313
Unit trusts	-	13,898,500
<b>Total financial assets at fair value through profit or loss</b>	<b>545,480,569</b>	<b>382,231,813</b>
<b>Comprising:</b>		
<b>Derivatives</b>		
Australian share price index futures	6,519	-
Total derivatives	6,519	-
<b>Equity securities</b>		
Australian equity securities	545,474,050	368,333,313
Total Equity securities	545,474,050	368,333,313
<b>Unit trusts</b>		
Real estate unit trusts	-	13,898,500
Total Unit trusts	-	13,898,500
<b>Total financial assets at fair value through profit or loss</b>	<b>545,480,569</b>	<b>382,231,813</b>

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

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

### Material investments

As at 30 June 2023 and 30 June 2022, investments which constitute 5% or more by value of the net assets of the Fund are disclosed below:

Security Description	Principal activities	Fair Value \$	Percentage of equity securities held by the Fund %	Percentage of total net assets of the Fund %
<b>30 June 2023</b>				
WESTPAC BANKING CORP COMMON STOCK	Financials	63,285,264	12	12
TRANSURBAN GROUP STAPLED SECURITY	Industrials	52,009,194	10	10
SOUTH32 LTD COMMON STOCK	Materials	47,032,163	9	9
RIO TINTO LTD COMMON STOCK	Materials	45,882,881	8	8
	Communication			
TELSTRA GROUP LTD COMMON STOCK	Services	43,966,021	8	8
WOODSIDE ENERGY GROUP LTD COMMON STOCK	Energy	34,900,222	6	6
INSURANCE AUSTRALIA GROUP COMMON STOCK	Financials	31,979,793	6	6

Security Description	Principal activities	Fair Value \$	Percentage of equity securities held by the Fund %	Percentage of total net assets of the Fund %
<b>30 June 2022</b>				
TRANSURBAN GROUP STAPLED SECURITY	Industrials	39,563,234	10	10
WESTPAC BANKING CORP COMMON STOCK	Financials	31,334,745	8	8
	Communication			
TELSTRA CORP LTD COMMON STOCK	Services	30,736,768	8	8
QBE INSURANCE GROUP LTD COMMON STOCK	Financials	28,480,572	7	7
APA GROUP STAPLED SECURITY	Utilities	24,601,700	6	6
SUNCORP GROUP LTD COMMON STOCK	Financials	23,102,787	6	6
INCITEC PIVOT LTD COMMON STOCK	Materials	22,150,143	6	6
	Consumer			
COLES GROUP LTD COMMON STOCK	Staples	22,062,316	6	6
ORORA LTD COMMON STOCK	Materials	21,843,739	6	6
SOUTH32 LTD DI COMMON STOCK	Materials	19,939,528	5	5

## 8 Financial liabilities at fair value through profit or loss

	30 June 2023 \$	As at 30 June 2022 \$
<b>Financial liabilities at fair value through profit or loss</b>		
Derivatives	-	632,958
<b>Total financial liabilities at fair value through profit or loss</b>	-	632,958
<b>Comprising:</b>		
<b>Derivatives</b>		
Australian share price index futures	-	632,958
Total Derivatives	-	632,958
<b>Total financial liabilities at fair value through profit or loss</b>	-	632,958

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

## 9 Derivative financial instruments

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

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

Derivative transactions include many different instruments such as futures. 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; and
- adjusting asset exposures within the parameters set in the investment strategy.

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

The Fund holds the following derivative instruments:

### (a) Futures

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

## 9 Derivative financial instruments (continued)

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

	Long Contract/ notional \$	Short Contract/ notional \$	Fair Values	
			Assets	Liabilities
			\$	\$
<b>30 June 2023</b>				
Australian share price index futures	<u>2,499,831</u>	<u>-</u>	<u>6,519</u>	<u>-</u>
Total Derivatives	<u>2,499,831</u>	<u>-</u>	<u>6,519</u>	<u>-</u>

	Long Contract/ notional \$	Short Contract/ notional \$	Fair Values	
			Assets	Liabilities
			\$	\$
<b>30 June 2022</b>				
Australian share price index futures	<u>9,193,783</u>	<u>-</u>	<u>-</u>	<u>632,958</u>
Total Derivatives	<u>9,193,783</u>	<u>-</u>	<u>-</u>	<u>632,958</u>

## 10 Net assets attributable to unitholders

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

	<b>30 June 2023 No.</b>	<b>30 June 2022 No.</b>	<b>30 June 2023 \$</b>	<b>30 June 2022 \$</b>
Opening balance	<b>301,429,073</b>	282,619,219	<b>389,350,526</b>	344,802,191
Applications	<b>93,565,098</b>	12,655,637	<b>129,339,378</b>	16,243,522
Redemptions	<b>(13,218,155)</b>	(763,126)	<b>(18,632,011)</b>	(1,000,000)
Reinvestment of distributions	<b>5,417,344</b>	6,917,343	<b>6,994,900</b>	8,728,709
Distributions paid and payable	-	-	<b>(20,497,747)</b>	(10,234,619)
Profit/(loss) for the year	-	-	<b>54,613,661</b>	<b>30,810,723</b>
Closing balance	<u><b>387,193,360</b></u>	<u>301,429,073</u>	<u><b>541,168,707</b></u>	<u>389,350,526</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 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 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.

## 10 Net assets attributable to unitholders (continued)

### Capital risk management (continued)

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.

## 11 Distributions to unitholders

The distributions for the year were as follows:

	Year ended			
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	\$	CPU	\$	CPU
Distributions paid	8,589,815	2.35	4,507,300	1.55
Distributions payable	<u>11,907,932</u>	<u>3.07</u>	<u>5,727,319</u>	<u>1.90</u>
Total distributions	<u>20,497,747</u>	<u>5.42</u>	<u>10,234,619</u>	<u>3.45</u>

Distributions as disclosed above are excluding any realised income and capital gains streamed to unitholders. In accordance with the Constitution, such income and gains may be streamed as part of the redemption activity and total proceeds are composed of Withdrawal Unit Capital Gain Entitlements and the Redemption Price.

## 12 Cash and cash equivalents

	As at	
	30 June 2023	30 June 2022
	\$	\$
Cash at bank	<u>5,524,702</u>	<u>11,254,794</u>
	<u>5,524,702</u>	<u>11,254,794</u>

Interest rate applicable as at 30 June 2023 is 0.42% (30 June 2022: -1.35% to 0.15%).

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

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	54,613,661	30,810,723
Proceeds from sale of financial instruments at fair value through profit or loss	231,682,308	129,271,194
Purchase of financial instruments at fair value through profit or loss	(363,143,423)	(145,854,482)
Net (gains)/losses on financial instruments at fair value through profit or loss	(33,329,343)	(16,226,164)
Dividend Income reinvested	-	(1,291,445)
Net change in receivables	136,135	(669,810)
Net change in payables	23,997	86,158
Amount received from/(paid to) brokers for margin accounts	827,251	(1,032,692)
Net cash inflow/(outflow) from operating activities	<u>(109,189,414)</u>	<u>(4,906,518)</u>
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distributions reinvestment plan	6,994,900	8,728,709

As described in note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

### 14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the Fund and by PwC's related network firms:

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
<b>Auditors of the Fund - PwC Australian firm and related network firms</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	16,605	14,630
Other assurance services		
Audit of compliance plan	4,967	5,225
Other non-audit services		
Tax compliance services	7,106	7,106
Total other non-audit services	<u>7,106</u>	<u>7,106</u>
<b>Total services provided by PwC</b>	<u>28,678</u>	<u>26,961</u>

In 2023 and 2022, the remuneration of auditors is borne by the Responsible Entity. No audit fee is paid directly by the Fund.

## 15 Receivables

	As at	
	30 June	30 June
	2023	2022
	\$	\$
Interest receivable	19,664	83
Dividends receivable	2,424,570	2,582,671
RITC receivable	42,380	39,995
	<u>2,486,614</u>	<u>2,622,749</u>

## 16 Payables

	As at	
	30 June	30 June
	2023	2022
	\$	\$
Manager's fees payable	540,758	520,354
Redemption payable	74,189	-
Other payables	5,740	2,147
	<u>620,687</u>	<u>522,501</u>

## 17 Related party transactions

### Responsible Entity and Investment Manager

The Responsible Entity of the Fund is AllianceBernstein Investment Management Australia Limited (ABN 58 007 212 606). The ultimate holding company of the Responsible Entity is AllianceBernstein L.P. (incorporated in the United States).

The Investment Manager of the assets of the Fund is AllianceBernstein Australia Limited. The ultimate holding company of the Investment Manager is AllianceBernstein L.P. (incorporated in the United States).

### Key management personnel

#### (a) Directors

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

Stuart Campbell Rae  
Steven Michael Eisenberg (resigned on 9 September 2022)  
Ajai Mohan Kaul  
Jennifer Agnes Driscoll  
Emma Catherine Quinn (resigned on 28 February 2023)  
Eileen Koo (appointed, effective 16 March 2023)  
Gerald Francis Spada (appointed, effective 3 June 2023)

#### (b) Other key management personnel

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

## 17 Related party transactions (continued)

### Key management personnel unitholdings

At 30 June 2023 no key management personnel held units in the Fund (2022: Nil).

### Key management personnel compensation

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

### Key management personnel loan disclosures

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

### Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

### Responsible Entity's/manager's fees and other transactions

The Fund's fees and ordinary expenses were bundled so that the Fund's maximum fees and ordinary expenses accrued were 0.50% for the part year until 1 October 2022 reducing to 0.40% (2022: 0.50%) per annum for periods thereafter of the average daily net assets of the Fund. All the Fund's fees and ordinary expenses such as investment management, custody, administration, external auditors and tax advisors are paid out of the 0.50% and 0.40% (2022: 0.50%).

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 were as follows:

	30 June 2023	30 June 2022
	\$	\$
Investment Manager's fees for the year incurred by the Fund	2,060,093	1,930,084
Aggregate amounts payable to the Investment Manager at the end of the reporting period	540,758	520,354

### Related party unitholdings

Related parties to the Fund and other schemes managed by ABIMAL, held units in the Fund as follows:

#### 30 June 2023

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
AllianceBernstein Australia Ltd	23	24	34	-	1	-	1



## 17 Related party transactions (continued)

### Related party unitholdings (continued)

30 June 2022

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
AllianceBernstein Australia Ltd	23	23	30	-	-	-	1

### Investments

The Fund did not hold any investments in ABIMAL or its related parties during the year (2022: Nil).

## 18 Events occurring after the reporting period

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

## 19 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2023 and 30 June 2022.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 32 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.



Jennifer Agnes Driscoll  
Director

Sydney  
14 September 2023



## Independent auditor's report

To the unitholders of AB Concentrated Australian Equities Fund

---

### Our opinion

In our opinion:

The accompanying financial report of AB Concentrated Australian Equities 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 2023 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 2023
- 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 significant accounting policies and other explanatory information
- 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 & 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.

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



---

### Other information

The Directors of AllianceBernstein Investment Management Australia Limited, as responsible entity of the Fund, are responsible for the other information. The other information comprises the information included in the 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 accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

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 for the financial report

The Directors of AllianceBernstein Investment Management Australia Limited, as responsible entity of the Fund, 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 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A stylized, handwritten signature of the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A handwritten signature of Joe Sheeran.

Joe Sheeran  
Partner

Sydney  
14 September 2023