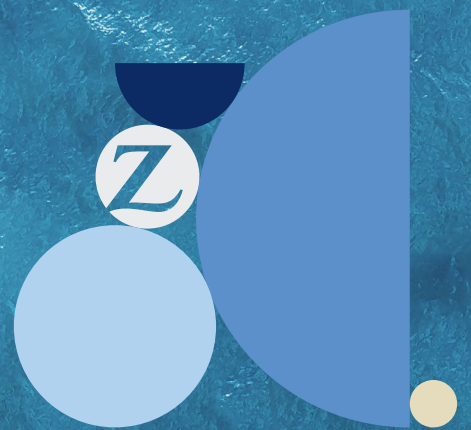


# Zurich Investments Small Companies Scheme

ARSN 136 834 412

Financial statements for the year ended 30 June 2022



# Zurich Investments Small Companies Scheme

ARSN 136 834 412

## Annual report for the period ended 24 June 2022

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These financial statements cover Zurich Investments Small Companies Scheme as an individual entity.

The Responsible Entity of Zurich Investments Small Companies Scheme is Zurich Investment Management Limited.

The Responsible Entity's registered office is 118 Mount Street, North Sydney, NSW 2060.

## Directors' Report

The directors of Zurich Investment Management Limited (the "Responsible Entity"), the Responsible Entity of the Zurich Investments Small Companies Scheme, present their report together with the financial statements of the Zurich Investments Small Companies Scheme (the "Fund") for the period ended 24 June 2022.

### Principal activities

The Fund invested in Australian equity securities and cash and cash equivalents. The investment policy of the Fund continued to be in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the period (2021: Nil).

There were no significant changes in the nature of the Fund's activities during the period. On 24 June 2022, the Zurich Investment Management Limited Board of Directors made a decision to close and wind up the Fund. Communication was sent to all unitholders and the last unitholders' funds were redeemed effective 24 June 2022.

### Directors

The following persons held office as directors of the Responsible Entity during the period:

Justin S Delaney	Appointed 1 December 2019
Nicolette L Rubinsztein	Appointed 1 January 2020
Paul J Bedbrook	Appointed 1 April 2012
Geoff Summershayes	Appointed 3 January 2022

### Review and results of operations

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

	<b>Period ended 24 June 2022</b>	Year ended 30 June 2021
Operating (loss)/profit before finance costs attributable to unitholders (\$)	<u>(13,073,607)</u>	<u>27,273,112</u>
<i>Distributions - Class A</i>		
Distributions paid (\$)	5,215,614	599,182
Distributions payable (\$)	-	<u>3,943,167</u>
Distributions (cents per unit)	<u>14.4760</u>	<u>12.5040</u>
<i>Distributions - Class B</i>		
Distributions paid (\$)	467,992	49,652
Distributions payable (\$)	-	<u>600,223</u>
Distributions (cents per unit)	<u>10.7503</u>	<u>9.2183</u>
<i>Distributions - Class D</i>		
Distributions paid (\$)	62,476	6,007
Distributions payable (\$)	-	<u>89,095</u>
Distributions (cents per unit)	<u>8.7162</u>	<u>7.5571</u>
Total distributions paid by the Fund	<u>5,746,082</u>	<u>654,841</u>
Total distributions payable by the Fund	-	<u>4,632,485</u>
Total distributions paid and payable by the Fund	<u>5,746,082</u>	<u>5,287,326</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 period ended 24 June 2022 other than the termination of the Fund.

### **Likely developments and expected results of operations**

The Fund has terminated and hence there will be no further operating activity.

### **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 period are disclosed in note 12 to the financial statements.

No fees were paid out by the Fund to the directors of the Responsible Entity during the period.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 12 to the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the period is disclosed in note 7 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 dollar**


Amounts in the Directors' Report have been rounded to the nearest dollar 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.

Director   
Paul J Bedbrook

Director   
Nicolette L Rubinsztein

Sydney

21 September 2022



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of Zurich Investments Management Limited**

As lead auditor for the audit of the financial report of Zurich Investments Small Companies Scheme for the financial year ended 30 June 2022, I declare 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva  
Partner  
21 September 2022

**Zurich Investments Small Companies Scheme**  
**Statement of Comprehensive Income**  
**For the period ended 24 June 2022**

**Statement of Comprehensive Income**

		Period ended 24 June 2022	Year ended 30 June 2021
	Notes	\$	\$
<b>Investment income</b>			
Interest income		195	-
Dividend income		1,700,471	1,529,858
Net (losses)/gains from financial assets at fair value through profit or loss		(14,532,869)	26,031,193
Other operating income		<u>4,569</u>	<u>1,675</u>
<b>Total net investment (loss)/income</b>		<b><u>(12,827,634)</u></b>	<b><u>27,562,726</u></b>
<b>Expenses</b>			
Responsible Entity's fees	12	86,342	115,209
Transactions costs		154,447	174,405
Performance fees		<u>5,184</u>	<u>-</u>
<b>Total operating expenses</b>		<b><u>245,973</u></b>	<b><u>289,614</u></b>
<b>Operating (loss)/profit</b>		<b><u>(13,073,607)</u></b>	<b><u>27,273,112</u></b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	8	(5,746,082)	(5,287,326)
Decrease/(increase) in net assets attributable to unitholders	7	<u>18,819,689</u>	<u>(21,985,786)</u>
<b>Profit for the period</b>		-	-
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<b><u>-</u></b>	<b><u>-</u></b>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**

	Notes	As at	
		24 June 2022 \$	30 June 2021 \$
<b>Assets</b>			
Cash and cash equivalents	9	-	1,536,085
Receivables		-	4,320
Financial assets at fair value through profit or loss	6	<u>-</u>	<u>65,089,752</u>
<b>Total assets</b>		<u>-</u>	<u>66,630,157</u>
<b>Liabilities</b>			
Distribution payable	8	-	4,632,485
Payables	12	<u>-</u>	<u>9,123</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>-</u>	<u>4,641,608</u>
<b>Net assets attributable to unitholders - Liability</b>	7	<u><u>-</u></u>	<u><u>61,988,549</u></u>

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



**Zurich Investments Small Companies Scheme**  
**Statement of Changes in Equity**  
**For the period ended 24 June 2022**

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**Statement of Changes in Equity**

	<b>Period ended 24 June 2022 \$</b>	<b>Year ended 30 June 2021 \$</b>
<b>Total equity at the beginning of the financial year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>
Transactions with owners in their capacity as owners	-	-
<b>Total transactions with unitholders</b>	<u>-</u>	<u>-</u>
<b>Total equity at the end of the financial period</b>	<u><u>-</u></u>	<u><u>-</u></u>

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

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

**Zurich Investments Small Companies Scheme**  
**Statement of Cash Flows**  
**For the period ended 24 June 2022**

**Statement of Cash Flows**

	Notes	Period ended 24 June 2022 \$	Year ended 30 June 2021 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial assets at fair value through profit or loss		71,770,365	45,168,219
Purchase of financial assets at fair value through profit or loss		(21,213,482)	(27,110,016)
Transaction costs of financial assets at fair value through profit or loss		(154,447)	(174,405)
Dividends received		1,700,471	1,573,375
Interest received		195	-
Other income received		8,889	3,257
Responsible Entity's fees paid		(95,465)	(116,968)
Performance fees paid		(5,184)	-
<b>Net cash inflow from operating activities</b>	10(a)	<u>52,011,342</u>	<u>19,343,462</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		858,044	5,552,400
Payments for redemptions by unitholders		(48,707,027)	(25,050,877)
Distributions paid		(5,698,444)	(117,242)
<b>Net cash outflow from financing activities</b>		<u>(53,547,427)</u>	<u>(19,615,719)</u>
<b>Net decrease in cash and cash equivalents</b>		(1,536,085)	(272,257)
Cash and cash equivalents at the beginning of the year		<u>1,536,085</u>	<u>1,808,342</u>
<b>Cash and cash equivalents at the end of the period</b>	9	<u>-</u>	<u>1,536,085</u>
Non-cash financing activities	10(b)	<u>4,680,123</u>	<u>1,327,585</u>

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

## **1 General information**

These financial statements cover the Zurich Investments Small Companies Scheme (“the Fund”) as a registered managed investment scheme. The Fund was registered on 7 May 2009.

The Responsible Entity of the Fund is Zurich Investment Management Limited (the “Responsible Entity”). The Responsible Entity's registered office is 118 Mount Street, North Sydney, NSW 2060. The financial statements are presented in the Australian currency.

The Fund invested in Australian equity securities and cash and cash equivalents. The investment policy of the Fund continued to be in accordance with the provisions of the Fund's Constitution.

On 24 June 2022, the Zurich Investment Management Limited Board of Directors made a decision to close and wind up the Fund. Communication was sent to all unitholders and the last unitholders' funds were redeemed effective 24 June 2022. The Fund completed its termination on 24 June 2022.

The financial statements were authorised for issue by the directors on 21 September 2022. 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.

### **(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 was a for profit unit trust for the purpose of preparing the financial statements.

The financial report is prepared on a non-going concern basis as the Fund terminated on 24 June 2022. As such, the financial statements have been prepared on a liquidation basis.

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

In the prior period, the Statement of Financial Position was presented on a liquidity basis. Assets and liabilities were presented in decreasing order of liquidity and did not distinguish between current and noncurrent.

#### *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.

### **(b) Financial instruments**

#### *(i) Classification*

The Fund classified 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 was managed and performance was evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy was for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

#### *(ii) Recognition/derecognition*

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

Investments were derecognised when the contractual right to receive cash flows from the investments expired or transferred, and the fund transferred substantially all risks and rewards of ownership.

#### *(iii) Measurement*

At initial recognition, the Fund measured financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss were expensed in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss were 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 were presented in the Statement of Comprehensive Income within 'net gains or losses from financial assets at fair value through profit or loss' in the period in which they arise. This also includes dividend expense on short sales of securities, which have been classified at fair value through profit or loss.

For further details on how the fair values of financial instruments are determined, please see note 5 to the financial statements.

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### *(iv) Offsetting financial instruments*

Financial assets and liabilities were offset and the net amount reported in the Statement of Financial Position when there was a legally enforceable right to offset the recognised amounts and there was 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**

The units were carried at the redemption amount that was payable at reporting date if the holder exercised 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 unit holders as financial liabilities as they do not satisfy all of 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 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 were 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 was 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 was 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 was recognised 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 were recorded in accordance with the policies described in note 2(b) to the financial statements.

### **(f) Expenses**

All expenses, including Responsible Entity's fees, were recognised in the Statement of Comprehensive Income on an accruals basis.

### **(g) Income tax**

Under current legislation, the Fund was not subject to income tax, provided it attributed the entirety of its taxable income to its unitholders.

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

## **2 Summary of significant accounting policies (continued)**

### **(h) Distributions**

Distributions were payable as set out in the Fund's product disclosure statement. Such distributions were determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that were recognised as income were transferred to net assets attributable to unitholders and were not assessable and attributable until realised. Capital losses were not attributed to unitholders but were retained to be offset against any realised capital gains.

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

Income not distributed was included in net assets attributable to unitholders. Where the Fund's units were classified as liabilities, movements in net assets attributable to unitholders were recognised in the Statement of Comprehensive Income as finance costs.

### **(j) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the Fund's financial statements were 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 competed for funds and was regulated. The Australian dollar is also the Fund's presentation currency.

#### *(ii) Transactions and balances*

Foreign currency transactions were 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 were recognised in the profit or loss.

Non-monetary items that were measured at fair value in a foreign currency were translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value were reported in the Statement of Comprehensive Income on a net basis within 'net gains or losses from financial assets at fair value through profit or loss.

The Fund did not isolate that portion of gains or losses on securities and derivative financial instruments that were measured at fair value through profit or loss (FVTPL) and which were due to changes in foreign exchange rates from that which were due to changes in the market price of securities. Such fluctuations were included with the net gains or losses on financial instruments at FVTPL.

## **2 Summary of significant accounting policies (continued)**

### **(k) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that had been contracted for but not delivered by the end of the period. The due from brokers balance is held for collection and consequently measured at amortised cost.

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

### **(l) Receivables and accrued income**

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions were accrued when the right to receive payment was established. Interest was 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) above. Amounts were generally received within 30 days of being recorded as receivables.

### **(m) Payables**

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

A separate distribution payable was recognised in the Statement of Financial Position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

### **(n) Applications and redemptions**

Applications received for units in the Fund were recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund were 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 on to the Fund, where applicable. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%; hence the 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 were inclusive of GST. The net amount of GST recoverable from the ATO was included in receivables in the Statement of Financial Position. Cash flows relating to GST were included in the Statement of Cash Flows on a gross basis.

### **(p) Comparative revisions**

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

### **(q) 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 were 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) were used to determine fair values, they were validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models used 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.

## **2 Summary of significant accounting policies (continued)**

### **(q) Use of estimates (continued)**

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

### **(r) New accounting standards and interpretations**

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning after 1 July 2022 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.

No new standards, amendments to standards and interpretations that became effective for the first time during the financial period had a material effect on the financial statements.

These general purpose financial statements for the period ended 24 June 2022, are the first the Fund has prepared. The Fund has historically prepared special purpose financial statements complying with the recognition and measurement basis specified by Australian Accounting Standards, and therefore no recognition and measurement adjustments were required on transition.

### **(s) Rounding of amounts**

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

## **3 Financial risk management**

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

This Note presents information about the Fund's exposure to each of the above risks and how these risks were measured, monitored and managed by the Responsible Entity.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management program.

The Responsible Entity has negotiated Investment Management Agreements (IMA) with an external investment manager to ensure all assets were managed in accordance with the IMA. The overall investment strategy is governed by the Zurich Investment Series Fund's Constitution, the IMA, the offer document and Product Disclosure Statement (PDS).

The Responsible Entity's risk management controls focus on ensuring all activities are transacted in accordance with the IMA, overall investment strategy and within approved limits. Divergence from target asset allocations and the composition of the assets of the Fund was monitored by the Responsible Entity on a daily basis.

### **(a) Market risk**

#### *(i) Price risk*

The Fund was exposed to equity securities price risk. This arose 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 fluctuated 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 was managed and measured. Investments were 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 was determined from a potential variation in the fair value of the financial instruments as at 24 June 2022 and 30 June 2021.

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 Risk, Compliance and Audit Committee on a quarterly basis.

### 3 Financial risk management (continued)

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

##### (i) Price Risk (continued)

At 24 June, the fair value of equities exposed to price risk were as follows:

	As at	
	24 June 2022	30 June 2021
Equity securities at fair value through profit or loss	-	65,089,752
<b>Total exposure to price risk from equity securities</b>	<u>-</u>	<u>65,089,752</u>

The table presented in Note 3(b) summarises the impact on operating profit before finance costs attributable to unitholders and liabilities 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

Foreign exchange risk arose as the value of monetary securities denominated in other currencies fluctuated due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. The 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 were held directly in this Fund.

##### (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 was exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates exposed the Fund to fair value interest rate risk. The Fund's interest bearing financial assets and financial liabilities exposed it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The tables below summarise the Fund's period end assets and liabilities that have floating interest rates, fixed interest rates or are non interest bearing.

24 June 2022	Floating interest rate \$	Fixed interest rate \$	Non interest bearing \$	Total \$
<b>Financial assets</b>				
Cash and cash equivalents	-	-	-	-
Receivables	-	-	-	-
Financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>				
Distribution payable	-	-	-	-
Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets attributable to unitholders - Liability</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



### 3 Financial risk management (continued)

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

##### (iii) Cash flow and fair value interest rate risk (continued)

30 June 2021	Floating interest rate \$	Fixed interest rate \$	Non interest bearing \$	Total \$
<b>Financial assets</b>				
Cash and cash equivalents	1,536,085	-	-	1,536,085
Receivables	-	-	4,320	4,320
Financial assets at fair value through profit or loss	-	-	<u>65,089,752</u>	<u>65,089,752</u>
<b>Total assets</b>	<u>1,536,085</u>	<u>-</u>	<u>65,094,072</u>	<u>66,630,157</u>
<b>Financial liabilities</b>				
Distribution payable	-	-	4,632,485	4,632,485
Payables	-	-	<u>9,123</u>	<u>9,123</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>	<u>-</u>	<u>-</u>	<u>4,641,608</u>	<u>4,641,608</u>
<b>Net assets attributable to unitholders - Liability</b>	<u>1,536,085</u>	<u>-</u>	<u>60,452,464</u>	<u>61,988,549</u>

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk and price risk. The below are reasonable estimates of anticipated movements based on historical data. 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 and/or correlation between the performance of the economies, markets and securities in which the Fund invested.

#### Impact on operating profit and net assets attributable to unitholders

	As at			
	24 June 2022		30 June 2021	
	+15% \$	-15% \$	+15% \$	-15% \$
<b>Price risk</b>	-	-	9,763,463	(9,763,463)
	As at			
	24 June 2022		30 June 2021	
	+25 bps \$	-25 bps \$	+25 bps \$	-25 bps \$
<b>Interest rate risk</b>	-	-	3,840	(3,840)

### 3 Financial risk management (continued)

#### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk primarily arises from investments in trading derivative products. The Fund was also exposed to counterparty credit risk and credit risk on cash and cash equivalents, amounts due from brokers and other receivables. The Fund had no significant concentrations of credit risk.

The assets of the Fund principally consist of financial instruments which comprise investments in equity securities traded on a recognised stock exchange.

For derivative financial instruments, credit risk is mitigated by requiring the external investment manager under the IMA to:

- deal on recognised domestic and international stock and futures exchanges;
- deal with counterparties that meet the minimum credit worthiness requirements; and
- deal with such counterparties within established limits.

These requirements were monitored on a regular basis to ensure that the exposure to credit risk was within the limits stipulated by the IMA.

Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers.

None of these assets were impaired or past due but not impaired.

The clearing and depository operations for the Fund's security transactions are mainly concentrated with one counterparty, namely JP Morgan Chase Bank NA ("J.P. Morgan"). J.P. Morgan is a member of a major securities exchange, and at 24 June 2022 had a credit rating of A+ (30 June 2021: A 1). At 24 June 2022, substantially all cash and cash equivalents, amounts due from brokers and investments were held in custody by J.P. Morgan.

The carrying amount of financial assets included in the Statement of Financial Position represents the Fund's maximum exposure to credit risk in relation to these assets as at 24 June 2022 and 30 June 2021.

#### (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 was exposed to daily cash redemptions of redeemable units.

The Responsible Entity monitored liquidity of the Fund on a daily basis. In order to manage the Fund's overall liquidity, the Fund had 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 period or prior year.

The investment manager monitored liquidity on a daily basis. Compliance with the Fund's policy is reported to the Committee on a quarterly basis.

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

	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
<b>24 June 2022</b>					
Distribution payable	-	-	-	-	-
Payables	-	-	-	-	-
Net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>30 June 2021</b>	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
Distribution payable	4,632,485	-	-	-	4,632,485
Payables	9,123	-	-	-	9,123
Net assets attributable to unitholders	<u>61,988,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,988,549</u>
<b>Total</b>	<u><u>66,630,157</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>66,630,157</u></u>

## 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.

Financial assets and liabilities are reported on a gross basis in the Statement of Financial Position. The Fund did not hold any financial assets and liabilities subject to offsetting arrangements as at period ended 24 June 2022 (30 June 2021: Nil).

## 5 Fair value measurement

The Fund measured and recognised the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities held at fair value through profit or loss (FVPL) (see note 6)

The Fund had 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (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 were based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund valued its investments in accordance with the accounting policies set out in Note 2. For the majority of its investments, the Fund relied 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 was the bid price; the appropriate quoted market price for financial liabilities was the asking price. When the Fund held derivatives with offsetting market risks, it used mid-market prices as a basis for establishing fair values for the offsetting risk positions and applied 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 were not traded in an active market was determined using valuation techniques. These included the use of recent arm's length market transactions, reference to the fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provided a reliable estimate of prices obtained in actual market transactions.

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

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 24 June 2022 and 30 June 2021.

24 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	<u>65,089,752</u>	-	-	<u>65,089,752</u>
<b>Total</b>	<u>65,089,752</u>	<u>-</u>	<u>-</u>	<u>65,089,752</u>

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

### *Transfers between levels*

There have been no transfers between the levels for the period ended 24 June 2022 (30 June 2021: Nil).

### *Fair value of financial instruments not carried at fair value*

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

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

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

	As at	
	24 June 2022	30 June 2021
	Fair value \$	Fair value \$
Equity securities	-	<u>65,089,752</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>-</u>	<u>65,089,752</u>
<b>Comprising:</b>		
<b>Equity securities</b>		
Australian listed equity securities	-	<u>65,089,752</u>
Total equity securities	-	<u>65,089,752</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>-</u>	<u>65,089,752</u>

## 7 Net assets attributable to unitholders

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

Class A	As at			
	24 June 2022	30 June 2021	24 June 2022	30 June 2021
	No.	No.	\$	\$
Opening balance	35,377,738	43,489,995	52,203,546	46,678,344
Redemptions	(38,505,752)	(9,168,980)	(40,152,528)	(14,200,000)
Units issued upon reinvestment of distributions	3,128,014	1,056,723	4,639,923	1,277,669
Decrease/(increase) in net assets attributable to unitholders	-	-	(16,690,941)	18,447,533
Closing balance	<u>-</u>	<u>35,377,738</u>	<u>-</u>	<u>52,203,546</u>

Class B	As at			
	24 June 2022	30 June 2021	24 June 2022	30 June 2021
	No.	No.	\$	\$
Opening balance	6,967,919	10,993,745	8,523,586	9,772,379
Applications	634,751	3,902,921	797,018	4,699,942
Redemptions	(7,622,486)	(7,971,595)	(7,504,306)	(9,078,716)
Units issued upon reinvestment of distributions	19,816	42,848	24,349	41,464
(Decrease)/increase in net assets attributable to unitholders	-	-	(1,840,647)	3,088,516
Closing balance	<u>-</u>	<u>6,967,919</u>	<u>-</u>	<u>8,523,586</u>

Class D	As at			
	24 June 2022	30 June 2021	24 June 2022	30 June 2021
	No.	No.	\$	\$
Opening balance	1,254,658	2,350,338	1,261,417	1,722,931
Applications	60,306	871,282	61,026	852,458
Redemptions	(1,330,657)	(1,977,702)	(1,050,193)	(1,772,161)
Units issued upon reinvestment of distributions	15,693	10,740	15,851	8,452
(Decrease)/increase in net assets attributable to unitholders	-	-	(288,101)	449,737
Closing balance	<u>-</u>	<u>1,254,658</u>	<u>-</u>	<u>1,261,417</u>
<b>Total closing balance of the Fund</b>			<u>-</u>	<u>61,988,549</u>

There were three classes of units in the Fund, Class A, Class B and Class D each unit had the same rights attaching to it as all other units of the Fund.

### Capital risk management

The Fund considered its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders were classified as liability. The amount of net assets attributable to unitholders could change significantly on a daily basis as the Fund was subject to daily applications and redemptions at the discretion of unitholders.

As such, the Fund will meet any capital requirements from the liquidation of liquid assets, which include cash and cash equivalents.

## 8 Distributions to unitholders

The distributions during the year were as follows:

	Year ended			
	24 June 2022		30 June 2021	
Class A	\$	CPU	\$	CPU
Distributions paid				
- 31 December	696,756	1.8796	599,182	1.3581
- 24 June	4,518,858	12.5964	-	-
Distributions payable				
- 30 June	<u>-</u>	<u>-</u>	3,943,167	11.1459
<b>Total distributions paid and payable by the Fund</b>	<b><u>5,215,614</u></b>	<b><u>14.4760</u></b>	<b><u>4,542,349</u></b>	<b><u>12.5040</u></b>
Class B	\$	CPU	\$	CPU
Distributions paid				
- 31 December	54,479	0.9516	49,652	0.6042
- 24 June	413,513	9.7987	-	-
Distributions payable				
- 30 June	<u>-</u>	<u>-</u>	600,223	8.6141
<b>The distributions paid and payable by the Fund</b>	<b><u>467,992</u></b>	<b><u>10.7503</u></b>	<b><u>649,875</u></b>	<b><u>9.2183</u></b>
Class D	\$	CPU	\$	CPU
Distributions paid				
- 31 December	9,831	0.8153	6,007	0.4560
- 24 June	52,645	7.9009	-	-
Distributions payable				
- 30 June	<u>-</u>	<u>-</u>	89,095	7.1011
<b>Total distributions paid and payable by the Fund</b>	<b><u>62,476</u></b>	<b><u>8.7162</u></b>	<b><u>95,102</u></b>	<b><u>7.5571</u></b>
	24 June 2022		30 June 2021	
	\$		\$	
Distributions paid - all classes	5,746,082		654,841	
Distributions payable - all classes	<u>-</u>		<u>4,632,485</u>	
<b>Total distributions paid and payable by the Fund</b>	<b><u>5,746,082</u></b>		<b><u>5,287,326</u></b>	

## 9 Cash and cash equivalents

	As at	
	24 June 2022	30 June 2021
	\$	\$
Domestic cash at bank	-	1,536,085
<b>Total cash and cash equivalents</b>	<b>-</b>	<b>1,536,085</b>

## 10 Reconciliation of operating profit to net cash flow from operating activities

	Period ended 24 June 2022	Year ended 30 June 2021
	\$	\$
<b>(a) Reconciliation of operating profit to net cash flow from operating activities</b>		
Operating (loss)/profit for the year	(13,073,607)	27,273,112
Net losses/(gains) from financial assets at fair value through profit or loss	14,532,869	(26,031,193)
Proceeds from sale of financial assets at fair value through profit or loss	71,770,365	45,168,219
Purchase of financial assets at fair value through profit or loss	(21,213,482)	(27,110,016)
Net change in accrued income and receivables	4,320	63,463
Net change in payables	(9,123)	(1,759)
Dividends reinvested	-	(18,364)
<b>Net cash inflow from operating activities</b>	<b>52,011,342</b>	<b>19,343,462</b>
<b>(b) Non-cash financing and investing activities</b>		
During the period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	4,680,123	1,327,585

## 11 Remuneration of auditor

During the period the following fees were paid or payable for services provided by Ernst & Young.

	Period ended 24 June 2022	Year ended 30 June 2021
	\$	\$
<b>Ernst &amp; Young</b>		
Audit and other assurance services		
Audit and review of financial statements	15,500	13,500
Audit of compliance plan	3,800	3,800
<b>Total remuneration for audit and other assurance services</b>	<b>19,300</b>	<b>17,300</b>

All audit fees were borne by the Responsible Entity during the period ended 24 June 2022 and 30 June 2021.

## 12 Related party transactions

### Responsible Entity

The Responsible Entity of the Fund is Zurich Investment Management Limited (ABN 56 063 278 400).

### Key management personnel

Key management personnel are the directors of the Responsible Entity at any time during the period or since the end of the period and up to the date of this report are as follows:

Justin S Delaney	Appointed 1 December 2019
Nicolette L Rubinsztein	Appointed 1 January 2020
Paul J Bedbrook	Appointed 1 April 2012
Geoffrey E Summerhayes	Appointed 3 January 2022

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

### Responsible Entity's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity was entitled to receive a management fee of 0.90% (2021: 0.90%) of the Fund's Net Asset Value (inclusive of GST, net of RITC available to the Fund) calculated on average daily net assets.

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

	<b>Period ended 24 June 2022</b>	Year ended 30 June 2021
	\$	\$
Responsible Entity's fees for the period	<b>86,342</b>	115,209
Total fees payable to the Responsible Entity as at the end of the period	-	9,123

### 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.

### Key management personnel unitholdings

The key management personnel of the Responsible Entity do not hold units or an interest in units in the Fund directly, or indirectly through a related party.

### Key management personnel remuneration

Key management personnel are paid by Zurich Financial Services Australia Limited, the ultimate Australian parent entity of 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.



## 12 Related party transactions (continued)

### Related party unitholdings

Parties related to the Fund including the Responsible Entity, its affiliates or other funds managed by the Responsible Entity held units in Class A, Class B and Class D of the Fund as follows:

#### Class A

24 June 2022	Number of units held	Fair value of investments	Interest held	Distributions paid/payable by the Fund
Unitholder	Units	\$	%	\$
Zurich Investments Diversified Aust Share Pool	-	-	-	696,756
30 June 2021	Number of units held	Fair value of investments	Interest held	Distributions paid/payable by the Fund
Unitholder	Units	\$	%	\$
Zurich Investments Diversified Aust Share Pool	35,377,738	52,203,546	100.00	4,542,349

#### Class B

24 June 2022	Number of units held	Fair value of investments	Interest held*	Distributions paid/payable by the Fund
Unitholder	Units	\$	%	\$
Zurich Investments Small Companies Fund	-	-	0.00	-
30 June 2021	Number of units held	Fair value of investments	Interest held*	Distributions paid/payable by the Fund
Unitholder	Units	\$	%	\$
Zurich Investments Small Companies Fund	201	245	0.00	19

#### Class D

24 June 2022	Number of units held	Fair value of investments	Interest held	Distributions paid/payable by the Fund
Unitholder	Units	\$	%	\$
Zurich Investment Management Limited	-	-	-	-
30 June 2021	Number of units held	Fair value of investments	Interest held*	Distributions paid/payable by the Fund
Unitholder	Units	\$	%	\$
Zurich Investment Management Limited	126	127	0.01	10

\* Percentage of interest held are rounded to the nearest 2 decimal points.

## **12 Related party transactions (continued)**

### **Investments**

The Fund did not hold any investments in schemes also managed by the Responsible Entity or its related parties during the period (2021: Nil).

## **13 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 24 June 2022 or on the results and cash flows of the Fund for the year ended on that date.

## **14 Contingent assets, liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 24 June 2022 (2021: 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 24 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 24 June 2022 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standard Board

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

Director

  
\_\_\_\_\_  
Paul J Bedbrook

Director

  
\_\_\_\_\_  
Nicolette L Rubinsztein

Sydney

21 September 2022



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## **Independent auditor's report to the unitholders of Zurich Investments Small Companies Scheme**

### **Opinion**

We have audited the financial report of Zurich Investments Small Companies Scheme ("the Fund"), which comprises the statement of financial position as at 24 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 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 24 June 2022 and of its financial performance for the period ended on that date; and
- b. 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Emphasis of matter - basis of accounting**

We draw attention to Note 2 of the financial report, which describes the basis of accounting. The Fund terminated on 24 June 2022. As a result, the financial report has been prepared on a basis other than going concern as described in Note 2. Our opinion is not modified in respect of this matter.

### **Information other than the financial report and auditor's report thereon**

The directors of Zurich Investment Management Limited ("the Responsible Entity") of the Fund are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

If, based on the work we have performed, 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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. When such use is inappropriate and the directors use an alternative basis of accounting, we conclude on the appropriateness of the directors' use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.



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- ▶ 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva  
Partner  
Sydney  
21 September 2022