Pendal High Alpha Fixed Income Fund

ABN 13 708 627 520

Annual report - for the year ended 30 June 2021

Pendal High Alpha Fixed Income Fund

ABN 13 708 627 520

Annual report - for the year ended 30 June 2021

Contents

These financial statements cover Pendal High Alpha Fixed Income Fund as an individual entity.

The Trustee of Pendal High Alpha Fixed Income Fund is Pendal Fund Services Limited (ABN 13 161 249 332). The Trustee’s registered office is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

Statement of comprehensive income

	Notes	Year ended 30 June 2021 $'000	Year ended 30 June 2020 $'000
Income			
Distribution income		**362**	2,157
Net gains/(losses) on financial instruments at fair value through profit or loss		**103,160**	86,377
Net foreign currency gains/(losses)		**1,482**	1,265
Total income/(loss)		**105,004**	89,799
Expenses			
Trustee's fees	13(d)	**3,512**	6,404
Transaction costs		**149**	133
Other operating expenses		**461**	189
Total operating expenses		**4,122**	6,726
Operating profit/(loss)		**100,882**	83,073
Finance costs attributable to unitholders			
Distributions to unitholders	8	**(117,139)**	-
(Increase)/decrease in net assets attributable to unitholders	7	**16,257**	(83,073)
Profit/(loss) for the year		**-**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**-**	-

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

Balance sheet

	Notes	As at 30 June 2021 $'000	30 June 2020 $'000
Assets			
Cash and cash equivalents	9	**191,402**	256,088
Margin accounts		**56,693**	73,329
Unsettled sales		**-**	14,000
Accrued income		**23**	96
Receivables		**34**	78
Financial assets at fair value through profit or loss	10	**422,051**	349,418
Total assets		**670,203**	693,009
Liabilities			
Margin accounts		**-**	25,620
Unsettled purchases		**-**	9,049
Distributions payable	8	**117,139**	-
Payables		**245**	67,115
Financial liabilities at fair value through profit or loss	11	**2,386**	24,535
Total liabilities (excluding net assets attributable to unitholders)		**119,770**	126,319
Net assets attributable to unitholders - liability	7	**550,433**	566,690

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Year ended 30 June 2021 $'000	Year ended 30 June 2020 $'000
Total equity at the beginning of the financial year	**-**	-
Profit/(loss) for the year	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income for the year	**-**	-
Transactions with owners in their capacity as owners	**-**	-
Total equity at the end of the financial year	**-**	-

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 the end of the year.

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

Statement of cash flows

	Notes	Year ended 30 June 2021 $'000	Year ended 30 June 2020 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**306,506**	1,516,047
Purchase of financial instruments at fair value through profit or loss		**(302,161)**	(1,535,941)
Transaction costs		**(149)**	(133)
Interest received		**-**	8
Distributions received		**435**	2,481
Other income received		**1,470**	1,295
Trustee's fees received/(paid)		**(3,834)**	(6,321)
Payment of other expenses		**(464)**	(189)
Net cash inflow/(outflow) from operating activities	16	**1,803**	(22,753)
Cash flows from financing activities			
Proceeds from applications by unitholders		**-**	50,000
Payments for redemptions by unitholders		**(66,545)**	-
Net cash inflow/(outflow) from financing activities		**(66,545)**	50,000
Net increase/(decrease) in cash and cash equivalents		**(64,742)**	27,247
Cash and cash equivalents at the beginning of the year		**256,088**	228,886
Effects of foreign currency exchange rate changes on cash and cash equivalents		**56**	(45)
Cash and cash equivalents at the end of the year	9	**191,402**	256,088

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

1 General information

These financial statements cover Pendal High Alpha Fixed Income Fund (the “Fund”) as an individual entity. The Fund was constituted on 27 June 2016.

The Trustee of the Fund is Pendal Fund Services Limited (the “Trustee”). The Trustee’s registered office is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000. The financial statements are presented in the Australian currency.

During the year, the Fund continued to invest in unlisted unit trusts (including cash management trusts) and derivatives in accordance with the provisions of the governing documents. Through these investments, the Fund was exposed to fixed interest securities, derivatives and cash management trusts.

The financial statements were authorised for issue by the directors of the Trustee on 26 August 2021. The directors of the Trustee 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 Accounting Standards Board and the Fund’s constitution in Australia. The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

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

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Fund manages financial assets and liabilities 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 cannot be reliably determined at the end of the reporting period.

In the case of net assets attributable to unitholders, the units are redeemed 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 at the end of the reporting period.

(i) Compliance with International Financial Reporting Standards

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

(ii) Comparatives

Certain comparative figures have been restated to conform with the financial statement presentation adopted for the current year.

(iii) 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 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Recognition/derecognition

The Fund recognises financial instruments on the date it becomes party to the contractual agreement and recognises changes in the value of the financial instruments from this date.

Financial assets and liabilities are derecognised when the contractual right to cash flows from the investments has expired or has been transferred, and the Fund has transferred substantially all of the risks and rewards of ownership.

(ii) Classification

The Fund classifies its financial instruments based on its business model for managing its investments and their contractual cash flow characteristics. The Fund's investments are managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Trustee to evaluate the information about the investments on a fair value basis together with other related financial information.

For unlisted unit trusts and derivatives, the contractual cash flows are not solely principal and interest. Consequently, these investments are measured at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(iii) Measurement

At initial recognition, a financial asset or financial liability is measured at fair value. Transaction costs associated with financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss 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.

Refer to note 5 for further details on how the fair values of financial instruments are determined.

(iv) Offsetting financial instruments

Financial assets and liabilities may be offset and the net amount reported in the balance sheet 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 for further details.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholder's option, however, applications and redemptions may be suspended by the Trustee if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income, in accordance with the Fund's Constitution.

A unitholder can redeem units at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value.

The units are carried at the redemption amount that is payable at the end of the reporting period if the unitholders were to exercise their right to redeem the units in the Fund.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank, deposits held at call with financial institutions and investments in cash management trusts.

2 Summary of significant accounting policies (continued)

(d) Cash and cash equivalents (continued)

Payments and receipts relating to the purchase and sale of financial assets and liabilities 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) Margin accounts and collateral

Margin accounts comprise cash held, or owed, as collateral for derivative transactions and short sales. The cash is held by or owed to the broker and is only available to meet margin calls.

Cash collateral provided by the Fund is disclosed in the balance sheet as margin accounts and is not included as a component of cash and cash equivalents.

(f) Accrued income

Accrued income may include amounts owed to the Fund for trust distributions and interest. Trust distributions are accrued when the right to receive payment is established. Interest is accrued from the time of last payment. Amounts are generally received within 45 days of being recorded as receivables.

(g) Unsettled sales/purchases

Unsettled sales/purchases represent receivables for securities sold and/or payables for securities purchased that have been contracted for but not yet delivered by the end of the reporting period.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on unsettled sales/purchases 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 measures the loss allowance at an amount equal to 12-month expected credit losses. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

(h) Receivables

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

(i) Payables

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

Where the Fund has distributed income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(j) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss as it accrues.

Trust distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

(k) Expenses

All expenses, including Trustee's fees, are recognised in the statement of comprehensive income on an accruals basis.

2 Summary of significant accounting policies (continued)

(l) Transaction costs

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

(m) Income tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be included in the Fund's taxable income for distribution/attribution, so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed or attributed to unitholders.

To the extent allowable by taxation legislation, the benefits of imputation credits and foreign tax paid are passed on to unitholders.

(n) Distributions

In accordance with the Fund's governing documents, the Fund distributes its distributable income, and any other amounts determined by the Trustee, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

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

Income not distributed is included in net assets attributable to unitholders. Where the Fund's units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(p) 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 operates and is regulated. The Australian dollar is also the 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.

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

2 Summary of significant accounting policies (continued)

(q) Goods and Services Tax ("GST")

The GST incurred on the costs of various services provided to the Fund, such as management fees, has been passed onto the Fund. The Fund qualifies for RITC, hence 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 balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(r) Use of estimates

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated 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 financial instruments held, 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, independent of the area that created them.

To the extent practicable, models use observable data. 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 unsettled sales and purchases and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

For more information on how fair value is calculated refer to note 5.

(s) New accounting standards and interpretations

A number of new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. None of these are expected to have a material effect on the financial statements of the Fund.

(t) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3 Financial risk management

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

The Fund's overall risk management program focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Derivative financial instruments may also be used (or are used) to alter certain risk exposures. Financial risk management is carried out by the investment manager.

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

The investment manager mitigates these financial risks through diversification and a careful selection of securities and other financial instruments within specified limits.

The Fund's performance exceptions to its benchmark are reported to senior management committees on a regular basis.

3 Financial risk management (continued)

The directors and management continue to assess the potential financial and other impacts to the Fund of the actions taken to address the coronavirus (COVID-19) global pandemic. The severity and length of the global pandemic and the depth and duration of the associated effects on economic and business activity and on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing there is uncertainty regarding the depth and duration of the impacts on global and domestic economies, business activity and investment market indices from actions taken to address the COVID-19 global pandemic. The directors and management will continue to manage and monitor this situation.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

Price risk arises on investments held for which prices in the future are uncertain. These are classified in the balance sheet as at fair value through profit or loss. All security investments present a risk of loss of capital.

Exceptions to compliance are reported to management on a regular basis.

The table presented in note 3(b) summarises sensitivity analysis to price risk.

(ii) Foreign exchange risk

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

Foreign currency contracts and other derivatives are used to manage foreign exchange risk. Alternatively these instruments are used to increase exposure to preferred foreign currencies.

Exceptions to compliance are reported to management on a regular basis.

The table below summarises the assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

As at 30 June 2021	US Dollars A$'000	Euro A$'000	Japanese Yen A$'000	British Pounds A$'000	Other currencies A$'000	Total A$'000
Margin accounts	(4,529)	477	78	136	(238)	(4,076)
Financial assets at fair value through profit or loss	6,482	-	-	-	127	6,609
Financial liabilities at fair value through profit or loss	-	(1,436)	(490)	(460)	-	(2,386)
Total exposure	1,953	(959)	(412)	(324)	(111)	147
Total monetary assets/(liabilities) exposure	(4,529)	477	78	136	(238)	(4,076)

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

As at 30 June 2020	Euro A$'000	US Dollars A$'000	New Zealand Dollars A$'000	Canadian Dollars A$'000	Other currencies A$'000	Total A$'000
Cash and cash equivalents	7,584	279	1,870	1,066	3,114	13,913
Margin accounts	(452)	(3,112)	-	(211)	(131)	(3,906)
Financial assets at fair value through profit or loss	1,168	9,403	11,346	3,309	6,107	31,333
Payables	(3)	-	-	-	-	(3)
Financial liabilities at fair value through profit or loss	-	(956)	(8,655)	-	(7,813)	(17,424)
Net increase/(decrease) in exposure from forward currency contracts						
- sell foreign currency	(52,097)	(199,074)	(173,995)	(247,668)	(1,484,739)	(2,157,573)
- buy foreign currency	52,120	198,964	174,595	246,708	1,485,186	2,157,573
Total exposure	8,320	5,504	5,161	3,204	1,724	23,913
Total monetary assets/(liabilities) exposure	7,152	(2,943)	2,470	(105)	3,430	10,004

(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. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets.

The Fund's interest bearing financial assets expose it to interest rate risk. Interest rate risk from these investments is reported as a component of interest rate risk for the purposes of the sensitivity analysis. Interest rate risk from investments held indirectly through underlying investments is reported as a component of price risk for the purposes of the sensitivity analysis.

Interest rate risk is mitigated through ensuring activities are transacted in accordance with the investment mandate, overall investment strategy and within approved limits.

Exceptions to compliance are reported to management on a regular basis.

The table presented in note 3(b) summarises sensitivity analysis to interest rate risk.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to price risk and interest rate risk. The analysis is based on reasonably possible movements in the risk variables applied to the Fund's net assets. The reasonably possible movements in the risk variables have been determined based on management estimates, having regard to a number of factors including historical levels of changes in market indices, security prices and/or benchmark returns, interest rates and foreign exchange rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

The reasonably possible movements in the risk variables are based on long term averages consistent with the investing profile of the Fund.

	Impact on operating profit/(loss)/Net assets attributable to unitholders			
	Price risk*		Interest Rate Risk	
	-0.48%	+2.41%	-0.10%	+0.50%
	(2020: -1.64%)	(2020: +3.28%)	(2020: -0.25%)	(2020: +0.50%)
As at	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2021	**(1,454)**	**7,271**	**(248)**	**1,240**
30 June 2020**	(4,311)	8,623	(759)	1,519

In determining the impact of an increase/(decrease) in net assets attributable to unitholders arising from market risk, the Trustee has considered prior period and expected future movements of the portfolio based on market information.

* The price risk for fixed interest instruments held in unlisted fixed interest unit trusts is calculated using the reasonably possible movement in interest rate percentage of -0.10%/+0.50% (2020: -0.25%/+0.50%) times the modified duration of the underlying financial instruments.

** Prior period comparatives have been amended to bring the calculation methodology in line with current year for comparison purposes.

(c) Credit risk

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

Credit risk primarily arises from investments in debt securities and from trading in derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. The assets of the Fund are not impaired.

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

Investments in unlisted unit trusts are exposed to credit risk.

Concentrations of direct credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved, and
- ensuring that transactions are undertaken with a number of counterparties.

Exceptions to compliance are reported to management on a regular basis.

(d) Liquidity risk

Liquidity risk is the risk that sufficient cash resources may not be able to be generated to settle obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The Fund is exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. The liquidity risks associated with the need to meet unitholders' requests for redemptions are mitigated by maintaining adequate liquidity to fulfil usual redemption volumes.

The risk management guidelines adopted are designed to minimise liquidity risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty.

Exceptions to the above are reported to management on a regular basis.

(i) Maturities of non-derivative financial liabilities

The non-derivative financial liabilities of the Fund comprise margin accounts, unsettled purchases, payables and net assets attributable to unitholders. These have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are redeemable at the unitholder's option, however, as permitted under the governing documents, management may decide to delay payment of the redemption amount if it is in the best interests of unitholders.

(ii) Maturities of derivative financial instruments liabilities

The table below details the contractual maturities of the derivative financial instruments liabilities which are measured at fair value and considered important to understanding the timing of cash flows.

As at 30 June 2021	**Less than 1 month $'000**	**1-3 months $'000**	**Greater than 3 months $'000**
Net settled derivatives			
International share price index futures	**-**	**(2,386)**	**-**

As at 30 June 2020	Less than 1 month $'000	1-3 months $'000	Greater than 3 months $'000
Net settled derivatives			
International share price index futures	-	(195)	-
Currency options	(15,767)	-	-
Forward currency contracts	(8,573)	-	-

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 balance sheet are disclosed in the first three columns of the tables below.

Financial assets	**Effects of offsetting on the balance sheet**			**Related amount not offset**		
As at 30 June	**Gross amounts of financial assets**	**Gross amounts set off in the balance sheet**	**Net amount of financial assets presented in the balance sheet**	**Amounts subject to enforceable netting arrangements**	**Cash collateral**	**Net amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2021						
Margin accounts	**56,693**	**-**	**56,693**	**-**	**-**	**56,693**
Derivatives	**6,609**	**-**	**6,609**	**(2,386)**	**-**	**4,223**
Total	**63,302**	**-**	**63,302**	**(2,386)**	**-**	**60,916**
2020						
Margin accounts	73,329	-	73,329	-	-	73,329
Derivatives	47,244	-	47,244	(14,857)	-	32,387
Total	120,573	-	120,573	(14,857)	-	105,716

Financial liabilities	**Effects of offsetting on the balance sheet**			**Related amounts not offset**		
As at 30 June	**Gross amounts of financial liabilities**	**Gross amounts set off in the balance sheet**	**Net amount of financial liabilities presented in the balance sheet**	**Amounts subject to enforceable netting arrangements**	**Cash collateral**	**Net amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2021						
Derivatives	**(2,386)**	**-**	**(2,386)**	**2,386**	**-**	**-**
Total	**(2,386)**	**-**	**(2,386)**	**2,386**	**-**	**-**
2020						
Margin accounts	(25,620)	-	(25,620)	-	-	(25,620)
Derivatives	(24,535)	-	(24,535)	14,857	-	(9,678)
Total	(50,155)	-	(50,155)	14,857	-	(35,298)

(i) Enforceable netting arrangement – not currently enforceable

Most agreements with derivative counterparties are based on the International Swaps and Derivatives Association (″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 and have been presented separately in the above table.

5 Fair value measurement

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

Investments are valued in accordance with the accounting policies set out in note 2 to the financial statements.

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

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.

Exchange traded futures are valued at the market closing price.

(b) 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 by using quoted market prices, dealer quotes and/or valuation techniques.

Unlisted unit trusts are valued at the redemption value per unit as reported by the managers of such funds.

Forward currency contracts are valued using quoted exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts as at the valuation date.

Over-the-counter options are valued by applying the Black-Scholes option valuation model.

Management uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Valuation techniques used for swaps and over-the-counter options include the use of discounted cash flow techniques, option pricing models or any other valuation technique that is commonly used by market participants.

Where option pricing models are used, inputs are based on market data at the end of the reporting period. 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 a high degree of certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

5 Fair value measurement (continued)

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

(i) Recognised fair value measurements

The following table presents the financial assets and liabilities measured and recognised at fair value by fair value hierarchy levels:

As at 30 June 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets at fair value through profit or loss:				
Unlisted unit trusts	**-**	**415,442**	**-**	**415,442**
Derivatives	**6,609**	**-**	**-**	**6,609**
Total	**6,609**	**415,442**	**-**	**422,051**
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives	**2,386**	**-**	**-**	**2,386**
Total	**2,386**	**-**	**-**	**2,386**

As at 30 June 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets at fair value through profit or loss:				
Unlisted unit trusts	-	302,174	-	302,174
Derivatives	9,798	37,446	-	47,244
Total	9,798	339,620	-	349,418
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives	195	24,340	-	24,535
Total	195	24,340	-	24,535

Transfers into and transfers out of the fair value hierarchy levels are recognised at the end of the reporting period.

(ii) Transfers between levels

There were no transfers between levels as at 30 June 2021 or 30 June 2020.

(iii) Valuation processes

Management undertakes regular portfolio reviews to identify securities that may not be actively traded or have stale security pricing and could be regarded as level 2 or level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identified securities. In the event that the security is not actively traded, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

5 Fair value measurement (continued)

(c) Fair values of non-financial instruments

Due to their short-term nature, the carrying value of receivables and 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 as at 30 June 2021 or 30 June 2020.

6 Remuneration of auditors

	Year ended	
	30 June 2021	30 June 2020
	$	$
Audit and other assurance services		
Audit of financial statements	**16,347**	8,674
Total remuneration for audit and other assurance services	**16,347**	8,674

Audit fees were paid by the Trustee for the year ended 30 June 2021 and 30 June 2020.

7 Net assets attributable to unitholders

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

	30 June 2021 No.'000	30 June 2020 No.'000	**30 June 2021 $'000**	30 June 2020 $'000
Opening balance	**647,129**	666,172	**566,690**	500,162
Applications	**-**	57,491	**-**	50,000
Redemptions	**-**	(76,534)	**-**	(66,545)
Increase/(decrease) in net assets attributable to unitholders	**-**	-	**(16,257)**	83,073
Closing balance	**647,129**	647,129	**550,433**	566,690

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 attached to it as all other units of the Fund.

(a) Capital risk management

Management manages the Fund's net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. 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.

Management monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. In the event of a significant redemption, as permitted under the governing documents, management may decide to pay a special distribution and/or may delay payment of the redemption amount.

8 Distributions to unitholders

	Year ended			
	30 June 2021	**30 June 2021**	30 June 2020	30 June 2020
	$'000	**CPU**	$'000	CPU
30 June (payable)	**117,139**	**18.101**	-	-
Total Distributions	**117,139**	**18.101**	-	-

9 Cash and cash equivalents

	As at	
	30 June 2021	30 June 2020
	$'000	$'000
Cash at bank	**10,130**	71,638
Cash management trusts	**181,272**	170,537
Foreign currency holdings	**-**	13,913
Total cash and cash equivalents	**191,402**	256,088

10 Financial assets at fair value through profit or loss

	As at	
	30 June 2021 Fair value	30 June 2020 Fair value
	$'000	$'000
Financial assets at fair value through profit or loss		
Unlisted unit trusts	**415,442**	302,174
Derivatives (note 12)	**6,609**	47,244
Total financial assets at fair value through profit or loss	**422,051**	349,418
Comprising:		
Unlisted unit trusts		
Units in Australian fixed interest trusts	**415,442**	302,174
Total unlisted unit trusts	**415,442**	302,174
Derivatives		
Currency options	**-**	24,566
International share price index futures	**6,609**	5,094
Commodity futures	**-**	4,704
Forward currency contracts	**-**	12,880
Total derivatives	**6,609**	47,244
Total financial assets at fair value through profit or loss	**422,051**	349,418

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

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 3 and note 5.

11 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2021 Fair value	30 June 2020 Fair value
	$'000	$'000
Financial liabilities at fair value through profit or loss		
Derivatives (note 12)	**2,386**	24,535
Total financial liabilities at fair value through profit or loss	**2,386**	24,535
Derivatives		
International share price index futures	**2,386**	195
Currency options	**-**	15,767
Forward currency contracts	**-**	8,573
Total derivatives	**2,386**	24,535
Total financial liabilities at fair value through profit or loss	**2,386**	24,535

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in note 3 and note 5.

12 Derivative financial instruments

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, credit index or other variable.

During the year, derivative transactions were entered into in the normal course of business.

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 forward currency contracts, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability 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, and/or adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

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

12 Derivative financial instruments (continued)

The following derivative financial instruments were held during the year:

(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. Futures contracts are collateralised by cash or marketable securities. Changes in the values of futures contracts are usually settled net daily with the exchange or broker.

(b) Options

Options are contractual arrangements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future price risk. Options held are exchange-traded and over the counter.

(c) Forward currency contracts

Forward currency contracts are agreements to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are primarily used to hedge against foreign currency exchange rate risks on non-Australian dollar denominated securities.

The derivative financial instruments held at the end of each reporting period are detailed below:

	As at	
	30 June 2021	30 June 2020
	Contract/ notional	Contract/ notional
	$'000	$'000
Buy		
International share price index futures	**644,796**	576,052
Commodity futures	**-**	153,258
Currency options	**-**	2,559,563
Forward currency contracts	**-**	2,157,573
Sell		
Currency options	**-**	1,860,783
Forward currency contracts	**-**	2,157,573

Risk exposures and fair value measurements

Information about the exposure to credit risk, foreign exchange risk and interest rate risk and the methods and assumptions used in determining fair values is provided in note 3 and note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

13 Related party transactions

(a) Trustee

The Trustee of the Fund is Pendal Fund Services Limited (ABN 13 161 249 332), a wholly owned subsidiary of Pendal Group Limited (ABN 28 126 385 822). The registered office of the Trustee and the Fund is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

(b) Directors

The directors of Pendal Fund Services Limited during the financial year or since the end of the year and up to the date of this report were as follows:

Richard Brandweiner	(appointed 6 March 2019)
Justin Howell	(appointed 7 May 2018)
Anthony Serhan	(appointed 6 December 2019)
Cameron Williamson	(appointed 15 November 2012)

(c) Other key management personnel

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

(d) Trustee's/manager's fees and other transactions

For the year ended 30 June 2021, in accordance with the Fund's governing documents, the Fund incurred a total management fee calculated by reference to the average daily net assets of the Fund (inclusive of GST, net of RITC available to the Fund) as follows:

(i) 1.35% per annum (2020: 1.35%) charged on the first $250,000,000 of unitholders' funds managed

(ii) 1.20% per annum (2020: 1.20%) charged on the greater than $250,000,000 of unitholders' funds managed

All expenses in connection with the preparation of accounting records and the maintenance of the unit register are fully borne by the Trustee.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable/(receivable) at the end of each reporting period between the Fund and the Trustee were as follows:

	30 June 2021	30 June 2020
	$'000	$'000
Management fees incurred by the Fund*	**3,512**	6,404
Aggregate amounts payable/(receivable) to/(from) the Trustee at the end of the reporting period	**245**	567

*This represents the amount paid out of the Fund to the Trustee. In addition to this amount, the total fees charged also include the fee charged in the underlying funds.

Where the Fund invests into other funds, the Trustee's fee is calculated after rebating the fee charged in the underlying funds. As a consequence, the amounts shown in the statement of comprehensive income reflect only the amount of the fee charged directly to the Fund.

13 Related party transactions (continued)

(e) Related party unitholdings

Parties related to the Fund (including the Trustee, its related parties and other funds managed by the Trustee), hold no units in the Fund (2020: Nil).

(f) Transactions with key management personnel

Key management personnel services are provided by Pendal Fund Services Limited and included in the management fees disclosed in (d) above. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

The 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.

Key management personnel unitholdings

At 30 June 2021, no key management personnel held units in the Fund (2020: Nil).

(g) Investments

The Fund held the following investments including funds which are also managed by the Trustee or its related parties:

30 June 2021

	Fair value of investments	**Interest held**	**Distributions received/ receivable**	**Units acquired during the year**	**Units disposed during the year**
	$'000	**%**	**$'000**	**000's Units**	**000's Units**
Pendal Pure Alpha Fixed Income Trust-Class B	**415,442**	**87.37**	**-**	**199,901**	**-**
Pendal Stable Cash Plus Fund*	**181,272**	**8.77**	**362**	**611,635**	**(600,900)**
	596,714		**362**		

* This investment is included in cash and cash equivalents.

30 June 2020

	Fair value of investments	Interest held	Distributions received/ receivable	Units acquired during the year	Units disposed during the year
	$'000	%	$'000	000's Units	000's Units
Pendal Pure Alpha Fixed Income Trust-Class B	302,174	97.28	-	-	-
Pendal Stable Cash Plus Fund*	170,537	9.55	2,157	696,680	(741,800)
	472,711		2,157		

* This investment is included in cash and cash equivalents.

13 Related party transactions (continued)

(h) 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 during the financial year and there were no material contracts involving key management personnel's interests existing at the end of the reporting period.

14 Investments in unconsolidated subsidiaries

The following subsidiary is recorded at fair value within financial assets at fair value through profit or loss.

		Fair value		Ownership interest held by the Fund	
Name of entity	**Place of business**	**30 June 2021**	30 June 2020	**30 June 2021**	30 June 2020
		$'000	$'000	**%**	%
Pendal Pure Alpha Fixed Income Trust-Class B	**Australia**	**415,442**	302,174	**87.37**	97.28

15 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Fund's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Fund applies the Investment Entity Exemption available under AASB 10 *Consolidated Financial Statements* and therefore does not consolidate its controlled entities (refer to note 14). In other cases it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in unlisted trusts. The nature and extent of the Fund's interests in structured entities are summarised in notes 9 and 10. Income earned and realised and unrealised gains/(losses) from structured entity investments are disclosed within the statement of comprehensive income.

During the year ended 30 June 2021 total net gains/(losses) incurred on investments in structured entities was $(86,731,548) (2020: $35,797,936)

The Fund has exposures to unconsolidated structured entities through its investment activities. The Fund's maximum exposure to loss is restricted to the carrying value of the asset.

The Fund's overall risk management programme focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The risks associated with the investments are referred to in note 3.

During the year the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund's investment strategy entails investments in other funds on a regular basis. The Fund intends to continue investing in other funds.

As at 30 June 2021, there were no capital commitment obligations other than what is in unsettled sales or unsettled purchases in the balance sheet (2020: $Nil).

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

	Year ended	
	30 June 2021	30 June 2020
	$'000	$'000
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	**100,882**	83,073
Proceeds from sale of financial instruments at fair value through profit or loss	**306,506**	1,516,047
Purchase of financial instruments at fair value through profit or loss	**(302,161)**	(1,535,941)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(103,160)**	(86,377)
Net change in accrued income and receivables	**117**	317
Net change in payables	**(325)**	83
Effects of foreign currency exchange rate changes on cash and cash equivalents	**(56)**	45
Net cash inflow/(outflow) from operating activities	**1,803**	(22,753)

17 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 balance sheet as at 30 June 2021 or on the results and cash flows of the Fund for the year ended on that date.

18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2021 and 30 June 2020.

Statement by Trustee

In the opinion of the directors of the Trustee:

(a) the financial statements and notes set out on pages 3 to 26:

  (i) comply with Accounting Standards and other mandatory professional reporting requirements, and

  (ii) present fairly, the Fund's financial position as at 30 June 2021 and its performance for the financial year ended on that date,

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and

(c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Director

R J Brandweiner.

Director

Sydney
26 August 2021

Independent auditor's report

To the unitholders of Pendal High Alpha Fixed Income Fund

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Pendal High Alpha Fixed Income Fund (the Fund) as at 30 June 2021 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Fund's Constitution as described in Note 2(a) in the financial report.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the statement by trustee.

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 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.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 2 (a) in the financial report, which describes the basis of accounting. The financial report has been prepared to comply with Australian Accounting Standards and the Fund's Constitution as described in Note 2(a) in the financial report. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Pendal High Alpha Fixed Income Fund and its unitholders and should not be used by parties other than Pendal High Alpha Fixed Income Fund and its unitholders. Our opinion is not modified in respect of this matter.

Other information

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

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, www.pwc.com.au
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, www.pwc.com.au

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

Responsibilities of the directors of the Trustee for the financial report

The directors of Pendal Fund Services Limited (the Trustee) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fund's Constitution as described in Note 2(a) in the financial report, and for such internal control as the directors of the Trustee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors of the Trustee are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Andrew Wilson
Partner

Sydney
26 August 2021