

# **Regnan Global Equity Impact Solutions Fund**

ARSN 645 981 853

**Annual report - for the period 30 November 2020 to  
30 June 2021**

# Regnan Global Equity Impact Solutions Fund

ARSN 645 981 853

## Annual report - for the period 30 November 2020 to 30 June 2021

### Contents

	Page
Directors' report	3
Auditor's independence declaration	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	24
Independent auditor's report to the unitholders of Regnan Global Equity Impact Solutions Fund	25

These financial statements cover Regnan Global Equity Impact Solutions Fund as an individual entity.

The Responsible Entity of Regnan Global Equity Impact Solutions Fund is Pandal Fund Services Limited (ABN 13 161 249 332). The Responsible Entity's registered office is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

## Directors' report

The directors of Pandal Fund Services Limited, the Responsible Entity of Regnan Global Equity Impact Solutions Fund (the "Fund"), present their report together with the Fund's financial statements for the period 30 November 2020 to 30 June 2021.

### Principal activities

The Fund was constituted on 11 November 2020.

The Fund was registered as a managed investment scheme by the Australian Securities and Investments Commission on 30 November 2020.

The first application occurred on 26 November 2020.

During the period, the Fund invested in international equities in accordance with the provisions of the governing documents. Through these investments, the Fund gained exposure to international equities.

The Fund did not have any employees during the period.

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

### Directors

The following persons held office as directors of Pandal Fund Services Limited during the period or since the end of the period and up to the date of this report:

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

### Review and results of operations

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 period.

There have been no other significant changes to the Fund's operations during the financial period. The Fund continued to invest in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

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

	<b>Period 30 November 2020 to 30 June 2021</b>
Operating profit/(loss) (\$'000)	<u>10,263</u>

## Directors' report (continued)

### Review and results of operations (continued)

The key differences, if any, between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	As at 30 June 2021 \$'000
Redemption value of outstanding units	184,257
Adjustment for differences in valuation inputs	-
Net assets attributable to unitholders	184,257

### Significant changes in the state of affairs

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

### Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

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

### Likely developments and expected results of operations

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

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

### Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Fund for insurance cover provided to the officers of the Responsible Entity.

### Indemnity of auditors

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

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

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in note 9 to the financial statements.

No fees were paid out of Fund property directly 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 9 to the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in note 6 to the financial statements.

## Directors' report (continued)

### Interests in the Fund (continued)

The value of the Fund's assets and liabilities is disclosed in the balance sheet 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 Commonwealth, State or Territory law.

### Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *Australian Securities & Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

### Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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



Director



Director

Sydney  
9 September 2021



## *Auditor's Independence Declaration*

As lead auditor for the audit of Regnan Global Equity Impact Solutions Fund for the period 30 November 2020 to 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Wilson', with a large, stylized flourish at the end.

Andrew Wilson  
Partner  
PricewaterhouseCoopers

Sydney  
9 September 2021

---

**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](http://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](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

## Statement of comprehensive income

	Notes	Period 30 November 2020 to 30 June 2021 \$'000
<b>Income</b>		
Dividend income		724
Distribution income		45
Net gains/(losses) on financial instruments at fair value through profit or loss		10,291
Net foreign currency gains/(losses)		<u>46</u>
<b>Total income/(loss)</b>		<u>11,106</u>
<b>Expenses</b>		
Responsible Entity's fees	9(d)	556
Transaction costs		169
Withholding taxes on foreign income		116
Other operating expenses		<u>2</u>
<b>Total operating expenses</b>		<u>843</u>
<b>Operating profit/(loss)</b>		<u>10,263</u>
<b>Profit/(loss) for the period</b>		<u>10,263</u>
Other comprehensive income		<u>-</u>
<b>Total comprehensive income for the period</b>		<u>10,263</u>

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

**Balance sheet**

	Notes	As at 30 June 2021 \$'000
<b>Assets</b>		
Cash and cash equivalents	7	1,445
Accrued income		175
Receivables		6
Financial assets at fair value through profit or loss	8	<u>183,322</u>
<b>Total assets</b>		<u>184,948</u>
<b>Liabilities</b>		
Unsettled purchases		562
Payables		<u>129</u>
<b>Total liabilities</b>		<u>691</u>
<b>Net assets attributable to unitholders - equity</b>	6	<u>184,257</u>

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

## Statement of changes in equity

	Notes	Period 30 November 2020 to 30 June 2021 \$'000
<b>Total equity at the beginning of the financial period</b>		-
<b>Comprehensive income for the period</b>		
Profit/(loss) for the period		10,263
Other comprehensive income		-
<b>Total comprehensive income for the period</b>		<u>10,263</u>
<b>Transactions with unitholders</b>		
Applications	6	231,024
Redemptions	6	<u>(57,030)</u>
<b>Total transactions with unitholders</b>		<u>173,994</u>
<b>Total equity at the end of the financial period</b>		<u>184,257</u>

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

## Statement of cash flows

	Notes	Period 30 November 2020 to 30 June 2021 \$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss		32,260
Purchase of financial instruments at fair value through profit or loss		(204,729)
Transaction costs		(169)
Dividends received		446
Distributions received		32
Other income received		4
Responsible Entity's fees received/(paid)		(427)
Payment of other expenses		(2)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<u>(172,585)</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders		175,916
Payments for redemptions by unitholders		(1,922)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>173,994</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,409
Cash and cash equivalents at the beginning of the period		-
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>36</u>
<b>Cash and cash equivalents at the end of the period</b>	7	<u>1,445</u>
Non-cash transactions	10(b)	

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

## 1 General information

These financial statements cover Regnan Global Equity Impact Solutions Fund (the “Fund”) as an individual entity. The Fund was constituted on 11 November 2020.

The Fund was registered as a managed investment scheme by the Australian Securities and Investments Commission on 30 November 2020.

The first application occurred on 26 November 2020.

The Responsible Entity of the Fund is Pandal Fund Services Limited (the “Responsible Entity”). The Responsible Entity’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 period, the Fund invested in international equities in accordance with the provisions of the governing documents. Through these investments, the Fund gained exposure to international equities.

The financial statements were authorised for issue by the directors of the Responsible Entity on 9 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods 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 *Corporations Act 2001* in Australia. The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

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

The 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.

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.

The reporting period presented in these financial statements is from 30 November 2020 to 30 June 2021. As this is the first set of financial statements there are no comparative figures.

#### (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) *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 period beginning 30 November 2020 that have a material impact on the 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 Responsible Entity to evaluate the information about the investments on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows are not solely principal and interest. Consequently, these investments are measured 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 4 for further details on how the fair values of financial instruments are determined.

### (c) Net assets attributable to unitholders

Units are redeemable at the unitholder's option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as equity as the Fund has only one class of units and no contractual obligation to pay distributions.

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.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

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

## 2 Summary of significant accounting policies (continued)

### (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.

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) Accrued income

Accrued income may include amounts owed to the Fund for dividends and interest. Dividends 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.

### (f) 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.

### (g) Receivables

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

### (h) 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.

### (i) 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.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

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

### (j) Expenses

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

## 2 Summary of significant accounting policies (continued)

### (k) 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.

### (l) Income tax

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

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.

### (m) Distributions

In accordance with the Fund's Constitution, the Responsible Entity is entitled to determine the amounts to be distributed to unitholders. The distributions are recognised in the statement of changes in equity.

### (n) 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 period 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.

### (o) 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.

## 2 Summary of significant accounting policies (continued)

### (p) 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 4.

### (q) 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.

### (r) Rounding of amounts

The Fund is an entity of the kind referred to in *Australian Securities & Investments Commission ("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 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.

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.

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 period.

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.

### 3 Financial risk management (continued)

#### (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.

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	Euro A\$'000	US Dollars A\$'000	Danish Krone A\$'000	Indonesian Rupiah A\$'000	Other Currencies A\$'000	Total A\$'000
Cash and cash equivalents	-	1,413	-	-	-	1,413
Accrued income	34	6	11	-	124	175
Financial assets at fair value through profit or loss	79,753	58,270	10,885	7,950	26,464	183,322
Unsettled purchases	-	(562)	-	-	-	(562)
<b>Total exposure</b>	<b>79,787</b>	<b>59,127</b>	<b>10,896</b>	<b>7,950</b>	<b>26,588</b>	<b>184,348</b>
 Total monetary assets/(liabilities) exposure	 <b>34</b>	 <b>857</b>	 <b>11</b>	 <b>-</b>	 <b>124</b>	 <b>1,026</b>

##### (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 does not have any significant direct exposure to interest rate risk.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to price 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.

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

	Impacting on operating profit/(loss)/Net assets attributable to unitholders	
	Price risk	
	-20%	+20%
	\$'000	\$'000
<b>30 June 2021</b>	<b>(36,664)</b>	<b>36,664</b>

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

#### (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 arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but 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.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal as the delivery of securities sold is only made once the broker has received payment. Payment is made on the purchase of securities once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

### 3 Financial risk management (continued)

#### (c) Credit risk (continued)

Concentrations of direct credit risk are minimised primarily by:

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

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.

The Fund is exposed to daily cash redemptions of redeemable units. The liquidity risk associated with the need to meet redemption requests is mitigated by maintaining adequate liquidity to fulfil usual redemption volumes. The Fund therefore primarily holds investments that are traded in an active market and can be disposed of readily.

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 unsettled purchases and payables. These have no contractual maturities but are typically settled within 30 days.

### 4 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)

For the majority of financial assets and liabilities, information provided by independent pricing services is relied upon for valuation. Fair value inputs utilise the last traded prices for both financial assets and liabilities.

Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

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.

## 4 Fair value measurement (continued)

### (a) Fair value in an active market (level 1) (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
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Equity securities	<u>183,322</u>	<u>-</u>	<u>-</u>	<u>183,322</u>
<b>Total</b>	<u>183,322</u>	<u>-</u>	<u>-</u>	<u>183,322</u>

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.

### (b) 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.

## 5 Remuneration of auditors

	Period 30 November 2020 to 30 June 2021 \$
<i>Audit and other assurance services</i>	
Audit of financial statements	24,620
Other services*	<u>2,294</u>
Total remuneration for audit and other assurance services	<u>26,914</u>

\* Other services include compliance plan audit.

Audit fees were paid by the Responsible Entity for the period ended 30 June 2021.

## 6 Net assets attributable to unitholders

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

	Period 30 November 2020 to 30 June 2021 No.'000	Period 30 November 2020 to 30 June 2021 \$'000
Opening balance	-	-
Applications	222,516	231,024
Redemptions	(53,220)	(57,030)
Profit/(loss) for the period	-	10,263
Closing balance	<u>169,296</u>	<u>184,257</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights 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. 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.

### (b) Realised capital losses

At the end of the reporting period, the Fund had realised capital losses of \$250,480 available to offset against future net capital gains.

Net realised capital losses are not finalised for taxation purposes, are unaudited and may change due to calculation adjustment, denial, offset or recoupment.

## 7 Cash and cash equivalents

	As at 30 June 2021 \$'000
Cash at bank	32
Foreign currency holdings	<u>1,413</u>
Total cash and cash equivalents	<u>1,445</u>

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

	As at 30 June 2021 Fair value \$'000
<b>Financial assets at fair value through profit or loss</b>	
Equity securities	183,322
<b>Total financial assets at fair value through profit or loss</b>	<u>183,322</u>
<b>Equity securities</b>	
International equity securities listed on a prescribed stock exchange	183,322
Total equity securities	183,322
<b>Total financial assets at fair value through profit or loss</b>	<u>183,322</u>

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 4.

## 9 Related party transactions

### (a) Responsible Entity

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

### (b) Directors

The directors of Pental Fund Services Limited during the financial period or since the end of the period 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 period.

### (d) Responsible Entity's/manager's fees and other transactions

For the period ended 30 June 2021, in accordance with the Fund's governing documents, the Fund incurred a total management fee of 0.90% (inclusive of GST, net of RITC available to the Fund) per annum.

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

## 9 Related party transactions (continued)

### (d) Responsible Entity's/manager's fees and other transactions (continued)

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

	30 June 2021 \$'000
Management fees incurred by the Fund	556
Aggregate amounts payable/(receivable) to/(from) the Responsible Entity at the end of the reporting period	129

### (e) Related party unitholdings

Parties related to the Fund (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity), held units in the Fund as follows:

30 June 2021

Unitholder	Number of units held opening 000's Units	Number of units held closing 000's Units	Interest held %	Number of units acquired 000's Units	Number of units disposed 000's Units	Distributions paid/payable by the Fund \$'000
BT Growth Shares Fund	-	51,394	30.36	51,394	-	-
Pendal Active Balanced Fund	-	11,172	6.60	11,172	-	-
Pendal Active Conservative Fund	-	1,344	0.79	1,344	-	-
Pendal Active High Growth Fund	-	942	0.56	942	-	-
Pendal Active Moderate Fund	-	3,906	2.31	3,906	-	-
Pendal Balanced Returns Fund	-	708	0.42	1,081	(373)	-
Pendal Sustainable Balanced Fund	-	40,098	23.69	40,098	-	-
Pendal Sustainable Balanced Trust	-	4,476	2.64	4,928	(452)	-
Pendal Sustainable Conservative Fund	-	5,680	3.35	5,680	-	-
<b>Total</b>	-	<u>119,720</u>	<u>70.72</u>	<u>120,545</u>	<u>(825)</u>	-

### (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.

## 9 Related party transactions (continued)

### (g) Investments

The Fund did not hold any investments in the Responsible Entity or its related parties during the period.

### (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 period and there were no material contracts involving key management personnel's interests existing at the end of the reporting period.

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

	Period 30 November 2020 to 30 June 2021 \$'000
<b>(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>	
Operating profit/(loss) for the period	10,263
Proceeds from sale of financial instruments at fair value through profit or loss	32,260
Purchase of financial instruments at fair value through profit or loss	(204,729)
Net (gains)/losses on financial instruments at fair value through profit or loss	(10,291)
Net change in accrued income and receivables	(181)
Net change in payables	129
Effects of foreign currency exchange rate changes on cash and cash equivalents	(36)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(172,585)</b>
<b>(b) Non-cash transactions</b>	
Applications received as non-cash contributions	55,108
Redemptions settled as non-cash withdrawals	(55,108)

## 11 Events occurring after the reporting period

On 9 August 2021, the Fund has launched and issued units in 2 new additional classes - Class W and Class Z.

No other 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 period ended on that date.

## 12 Contingent assets and liabilities and commitments

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

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 23 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance for the financial period 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



Director

Sydney  
9 September 2021



## *Independent auditor's report*

To the unitholders of Regnan Global Equity Impact Solutions Fund

---

### *Our opinion*

In our opinion:

The accompanying financial report of Regnan Global Equity Impact Solutions Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its financial performance for the period 30 November 2020 to 30 June 2021
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### ***What we have audited***

The financial report comprises:

- the balance sheet as at 30 June 2021
- the statement of comprehensive income for the period 30 November 2020 to 30 June 2021
- the statement of changes in equity for the period 30 November 2020 to 30 June 2021
- the statement of cash flows for the period 30 November 2020 to 30 June 2021
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information
- the directors' declaration.

---

### *Basis for opinion*

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

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

### ***Independence***

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

---

### *Other information*

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's annual report for the period 30 November 2020 to 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](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



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 Responsible Entity for the financial report*

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

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

---

### *Auditor's responsibilities for the audit of the financial report*

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



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

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

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'AW', written in a stylized, cursive font.

Andrew Wilson  
Partner

Sydney  
09 September 2021