

Perpetual Global Innovation Share Fund

ARSN 618 533 510

Condensed Interim Financial Report for the half-year ended 31 December 2022

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Directors' report

The directors of Perpetual Investment Management Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of Perpetual Global Innovation Share Fund, present their report together with the condensed interim financial report of Perpetual Global Innovation Share Fund (the Scheme) for the half-year ended 31 December 2022 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of Perpetual Global Innovation Share Fund is Perpetual Investment Management Limited (ABN 18 000 866 535). The Responsible Entity's registered office and principal place of business is Level 18, 123 Pitt Street, Sydney, NSW 2000.

Directors

The following persons held office as directors of Perpetual Investment Management Limited during the half-year or since the end of the half-year and up to the date of this report:

A Apted (appointed 9 April 2020)
A Lo Proto (appointed 8 March 2022)
A Rozenauers (appointed 9 November 2022)
A Gazal (appointed 9 April 2020, resigned 9 November 2022)

Principal activities

The principal activity of the Scheme is to provide unitholders with long-term capital growth through investment in quality global shares that are benefiting from technological change and innovation.

The Scheme did not have any employees during the half-year.

There were no significant changes in the nature of the Scheme's activities during the half-year.

Review and results of operations

During the half-year, the Scheme's assets were invested in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

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

	31 December 2022	31 December 2021
Operating profit/(loss) (\$'000)	<u>(592)</u>	<u>(11,185)</u>
Class W		
Distributions paid and payable (\$'000)	<u>-</u>	<u>161</u>
Distributions (cents per unit)	<u>-</u>	<u>6.46</u>
Class A		
Distributions paid and payable (\$'000)	<u>-</u>	<u>4,686</u>
Distributions (cents per unit)	<u>-</u>	<u>5.47</u>

Class E - ETMF had no distributions paid and payable as at 31 December 2022 and 31 December 2021.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the half-year.

Directors' report (continued)

Matters subsequent to the end of the half-year

Subsequent to the reporting date, market volatility has impacted the Scheme. The percentage change in valuation since reporting date and up to the signing of the financial report at 1 March 2023 was 12.95%. Any impact on the Scheme has not been recognised in the 31 December 2022 interim financial report.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

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

Rounding of amounts to the nearest thousand dollars

The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the directors' report and the condensed interim financial report have been rounded to the nearest thousand dollars in accordance with the legislative instrument, unless otherwise indicated.

Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



Director

Sydney
1 March 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Perpetual Investment Management Limited as the
Responsible Entity of Perpetual Global Innovation Share Fund

I declare that, to the best of my knowledge and belief, in relation to the review of Perpetual Global Innovation Share Fund for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten version of the KPMG logo in black ink.

KPMG

A handwritten signature in black ink, appearing to read 'A. Reeves'.

Andrew Reeves

Partner

Sydney

1 March 2023

Condensed interim statement of comprehensive income

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
Investment income			
Dividend income		45	202
Interest income		5	-
Net gains/(losses) on financial instruments at fair value through profit or loss		(426)	(10,430)
Net foreign exchange gains/(losses)		249	17
Other income		13	-
Total investment income/(loss)		<u>(114)</u>	<u>(10,211)</u>
Expenses			
Responsible Entity's fees		296	634
Other expenses		182	340
Total expenses		<u>478</u>	<u>974</u>
Operating profit/(loss)		<u>(592)</u>	<u>(11,185)</u>
Finance costs			
Distributions to unitholders	3	-	4,847
Changes in net assets attributable to unitholders	4	<u>(592)</u>	<u>(16,032)</u>
Profit/(loss)		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>-</u>	<u>-</u>

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

Condensed interim balance sheet

	Notes	31 December 2022 \$'000	30 June 2022 \$'000
Assets			
Cash and cash equivalents		522	19
Financial assets at fair value through profit or loss	5	51,953	58,803
Receivables for securities sold		-	24
Receivables		125	204
Total assets		52,600	59,050
Liabilities			
Bank overdraft		-	52
Financial liabilities at fair value through profit or loss	5	65	134
Payables		60	272
Total liabilities		125	458
Net assets attributable to unitholders - liability	4	52,475	58,592

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

Condensed interim statement of changes in equity

The Scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity and no items of changes in equity have been presented for the current or comparative period.

Condensed interim statement of cash flows

	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities		
Dividends received	109	242
Interest received	5	-
Other income received	36	29
Responsible Entity's fees paid	(325)	(683)
Other expenses paid	(182)	(340)
Net cash inflow/(outflow) from operating activities	<u>(357)</u>	<u>(752)</u>
Cash flows from investing activities		
Proceeds from sale of investments	63,691	116,021
Payments for purchase of investments	(57,084)	(114,196)
Net cash inflow/(outflow) from investing activities	<u>6,607</u>	<u>1,825</u>
Cash flows from financing activities		
Proceeds from applications by unitholders	1,829	20,581
Payments for redemptions by unitholders	(7,545)	(14,749)
Distributions paid	-	(8,049)
Net cash inflow/(outflow) from financing activities	<u>(5,716)</u>	<u>(2,217)</u>
Net increase/(decrease) in cash and cash equivalents	534	(1,144)
Cash and cash equivalents/(bank overdraft) at the beginning of the half-year	(33)	1,196
Effects of foreign currency exchange rate changes on cash and cash equivalents	21	-
Cash and cash equivalents at the end of the half-year	<u>522</u>	<u>52</u>

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

1 General information

This condensed interim financial report covers Perpetual Global Innovation Share Fund (the Scheme) as an individual entity. The Scheme is a registered managed investment scheme under the *Corporations Act 2001*. The Scheme was constituted on 12 April 2017. The Scheme will terminate on 23 May 2097 unless terminated earlier in accordance with the provisions of the Scheme's Constitution (as amended). The Scheme is domiciled in Australia.

The Responsible Entity of the Scheme is Perpetual Investment Management Limited. The Responsible Entity's registered office is Level 18, 123 Pitt Street, Sydney, NSW 2000.

The condensed interim financial report was authorised for issue by the directors of the Responsible Entity on 1 March 2023. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial report.

2 Basis of preparation

The condensed interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The Scheme is a for-profit entity for the purpose of preparing the condensed interim financial report.

The condensed interim financial report does not include all notes normally included in a full financial report. Accordingly, this report is to be read in conjunction with the Scheme's financial report for the year ended 30 June 2022 and any continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied in the condensed interim financial report are the same as those applied in the Scheme's financial report for the year ended 30 June 2022.

The condensed interim financial report has been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

Functional and presentation currency

The condensed interim financial report is presented in Australian dollars, which is the Scheme's functional currency.

Use of estimates

Management makes estimates and assumptions that affect the reported amounts in the financial statements. Estimates and associated assumptions are reviewed regularly and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances. Where applicable to the fair value measurement, the current changing market conditions are assessed and estimated. Actual results may differ from these estimates.

The use of estimates and critical judgements in fair value measurement that can have significant effect on the amounts recognised in the financial statements is described in note 5.

New accounting standards and interpretations

There are no new accounting standards, amendments and interpretations effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the Scheme.

3 Distributions to unitholders

The distributions for the half-year were as follows:

	31 December 2022 \$'000	31 December 2022 CPU	31 December 2021 \$'000	31 December 2021 CPU
Class W				
Distributions paid - November	-	-	161	6.46
	-		161	
Class A				
Distributions paid - November	-	-	4,686	5.47
	-		4,686	
Total distributions	-		4,847	

Class E - ETMF had no distributions paid and payable as at 31 December 2022 and 31 December 2021.

4 Net assets attributable to unitholders

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

	31 December 2022 Units'000	31 December 2021 Units'000	31 December 2022 \$'000	31 December 2021 \$'000
Class W				
Opening balance	4	2,486	3	3,849
Changes in net assets attributable to unitholders	-	-	-	(451)
Closing balance	4	2,486	3	3,398
Class A				
Opening balance	76,982	74,604	57,302	112,266
Applications	1,404	12,738	1,107	19,085
Redemptions	(9,220)	(10,102)	(7,070)	(14,739)
Units issued upon reinvestment of distributions	-	9,768	-	14,630
Changes in net assets attributable to unitholders	-	-	(539)	(15,571)
Closing balance	69,166	87,008	50,800	115,671
Class E - ETMF				
Opening balance	669	-	1,287	-
Applications	345	412	708	1,439
Redemptions	(137)	-	(270)	(1)
Changes in net assets attributable to unitholders	-	-	(53)	(10)
Closing balance	877	412	1,672	1,428
Total			52,475	120,497

Redemption units for Class E related to December 2021 totalling 189 units, have not been reflected above due to the financial statements being rounded in thousand dollars.

4 Net assets attributable to unitholders (continued)

As stipulated within the Scheme's Constitution, each unit in a unit class represents a right to a unit in the relevant class within the Scheme and does not extend to a right to the underlying assets of the Scheme. The Scheme offers three unit classes - Class W and Class A are unquoted unit classes and Class E is quoted as an ETMF on the ASX under the code IDEA.

Capital risk management

The Scheme considers its 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 Scheme is subject to daily applications and daily redemptions at the discretion of unitholders.

Applications and redemptions are reviewed relative to the liquidity of the Scheme's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application and to defer or adjust a redemption if the exercise of such discretion is in the best interests of unitholders.

5 Fair value measurement

The Scheme classifies fair value measurement of its financial assets and liabilities by levels 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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

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.

Equity securities are valued at the last traded price. For the majority of these financial instruments, information provided by the independent pricing services is relied upon for valuation.

(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 valuation techniques. These include the use of recent arm's length transactions, reference to current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Valuation models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in the assumptions for these factors could affect the reported fair value of financial instruments. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

The fair value of derivatives that are not exchange traded is estimated at the amount that would be received or paid to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

5 Fair value measurement (continued)

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

The Scheme did not hold any financial instruments with fair value measurements using significant unobservable inputs (level 3) at 31 December 2022 and 30 June 2022.

The following tables present the Scheme's financial assets and liabilities by fair value hierarchy levels:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022				
Financial assets at fair value through profit or loss				
Derivatives				
Foreign currency forward contracts	-	70	-	70
Equity securities	51,883	-	-	51,883
Total	51,883	70	-	51,953
Financial liabilities at fair value through profit or loss				
Derivatives				
Foreign currency forward contracts	-	65	-	65
Total	-	65	-	65
30 June 2022				
Financial assets at fair value through profit or loss				
Derivatives				
Foreign currency forward contracts	-	121	-	121
Equity securities	58,682	-	-	58,682
Total	58,682	121	-	58,803
Financial liabilities at fair value through profit or loss				
Derivatives				
Foreign currency forward contracts	-	134	-	134
Total	-	134	-	134

(c) Transfers between levels

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

There were no transfers between levels as at 31 December 2022 and 30 June 2022.

6 Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time, parties related to the Scheme (including Perpetual Investment Management Limited, its related entities and other schemes managed by Perpetual Investment Management Limited) may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other unitholders of the Scheme.

There have been no significant changes to the related party transactions disclosed in the previous annual financial report.

7 Events occurring after the reporting period

Subsequent to the reporting date, market volatility has impacted the Scheme. The percentage change in valuation since reporting date and up to the signing of the financial report at 1 March 2023 was 12.95%. Any impact on the Scheme has not been recognised in the 31 December 2022 interim financial report.

No other significant events have occurred since the reporting date which would have an impact on the financial position of the Scheme as at 31 December 2022 or on the results and cash flows of the Scheme for the half-year ended on that date.

8 Contingent assets, liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

Directors' declaration

In the opinion of the directors of Perpetual Investment Management Limited, the Responsible Entity of Perpetual Global Innovation Share Fund:

- (a) the condensed interim financial statements and notes, set out on page 5 to 13, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 31 December 2022 and of its performance for the half-year ended on that date;
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

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



Director

Sydney
1 March 2023



Independent Auditor's Review Report

To the unitholders of Perpetual Global Innovation Share Fund

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Perpetual Global Innovation Share Fund (the Scheme).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Perpetual Global Innovation Share Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Report** comprises:

- Condensed interim balance sheet as at 31 December 2022;
- Condensed interim statement of comprehensive income for the half-year ended on that date;
- Condensed interim statement of changes in equity and Condensed interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **half-year** is the 6 months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

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



Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of Perpetual Investment Management Limited (the Responsible Entity) are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Andrew Reeves

Partner

Sydney

1 March 2023