

# PERPETUAL PRIVATE INVESTMENT FUNDS

ANNUAL FINANCIAL REPORT  
30 JUNE 2018

Perpetual Investment Management Limited  
ABN 18 000 866 535 AFSL 234426

Perpetual 

**Perpetual Private Investment Funds  
Annual Financial Report  
30 June 2018**

**Contents**

	<b>Page</b>
Directors' report	2
Lead auditor's independence declaration	7
Statements of comprehensive income	8
Balance sheets	10
Statements of changes in equity	12
Statements of cash flows	14
Notes to the financial statements	16
Directors' declaration	76
Independent auditor's report to the unitholders	77

## Directors' report

The directors of Perpetual Investment Management Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of Perpetual Private Investment Funds, present their report together with the annual financial report of Perpetual Private Investment Funds ("the Schemes") for the year ended 30 June 2018 and the auditor's report thereon.

The following are the Schemes included within this report:

<b>Statutory name</b>	<b>Referred to in this document as</b>	<b>ARSN</b>
Perpetual Private Australian Share Fund	"Australian Share Fund"	098 776 026
Perpetual Private Fixed Income Fund	"Fixed Income Fund"	098 776 179
Perpetual Private International Share Fund	"International Share Fund"	098 776 115
Perpetual Private Real Estate Fund	"Real Estate Fund"	098 776 302
Perpetual Private Geared Australian Share Fund	"Geared Australian Share Fund"	124 209 203
Perpetual Private Balanced Fund	"Balanced Fund"	098 775 869
Perpetual Private Conservative Fund	"Conservative Fund"	100 476 882
Perpetual Private Diversified Fund	"Diversified Fund"	098 775 690
Perpetual Private Growth Fund	"Growth Fund"	098 775 921
Perpetual Private Geared High Growth Fund	"Geared High Growth Fund"	124 209 463

## Responsible Entity

The Responsible Entity of Perpetual Private Investment Funds 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 year or since the end of the year and up to the date of this report:

D Lane (appointed 20 April 2017)  
G Larkins (appointed 7 January 2013)  
M Smith (appointed 3 November 2016)  
G Foster (appointed 25 January 2013, Alternate for G Larkins)

## Directors' report (continued)

### Principal activities

The Schemes invest in a wide range of asset classes and generally adopt a multi-manager approach to investing where several specialist investment managers for various asset classes are appointed to manage the assets of the Schemes.

The objectives and investment strategy for each Scheme are disclosed in the respective Perpetual Select Investment Funds Product Disclosure Statement and Implemented Portfolios Product Disclosure Statement.

The Schemes did not have any employees during the year.

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

### Review and results of operations

During the year, the Schemes continued to invest in accordance with target asset allocations as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

The performance of the Schemes, as represented by the results of their operations, was as follows:

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Operating profit/(loss)	134,280	116,559	17,861	20,682	231,796	190,630	64,116	(3,474)
Distributions paid and payable	71,820	28,887	25,551	20,073	129,901	25,248	11,130	7,027
Distributions (cents per unit) - Class R	9.42	3.64	1.49	1.42	9.56	1.42	0.88	0.45
Distributions (cents per unit) - Class I	8.56	3.86	2.90	2.73	13.90	3.15	3.50	2.40

**Directors' report (continued)**

**Review and results of operations (continued)**

The performance of the Schemes, as represented by the results of their operations, was as follows:

	<b>Geared Australian Share Fund<sup>1</sup></b>		<b>Balanced Fund</b>		<b>Conservative Fund</b>	
	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017
	\$	\$	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss)	<b>833,795</b>	722,265	<b>15,077</b>	13,277	<b>555</b>	507
Distributions paid and payable	<b>606,704</b>	298,897	<b>10,276</b>	7,614	<b>175</b>	167
Distributions (cents per unit)	<b>9.77</b>	4.38	<b>6.63</b>	4.64	<b>1.65</b>	1.41
	<b>Diversified Fund</b>		<b>Growth Fund</b>		<b>Geared High Growth Fund</b>	
	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss)	<b>2,306</b>	2,055	<b>4,290</b>	3,777	<b>1,224</b>	1,213
Distributions paid and payable	<b>570</b>	640	<b>637</b>	824	<b>293</b>	342
Distributions (cents per unit)	<b>1.70</b>	1.78	<b>1.92</b>	2.43	<b>3.06</b>	3.54

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## **Directors' report (continued)**

### **Interests in the Schemes**

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

The value of the Schemes' assets and liabilities is disclosed on the balance sheets and derived using the basis set out in note 2 to the financial statements.

### **Significant changes in state of affairs**

On 29 September 2017, the Responsible Entity announced that it has elected into the Attribution Managed Investment Trust (AMIT) regime for the Schemes for the year ending 30 June 2018 and subsequent years. The Schemes are therefore no longer contractually obliged to pay distributions as disclosed in note 1 to the financial statements.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Schemes that occurred during the financial year under review.

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

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

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

### **Environmental regulation**

The operations of the Schemes are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

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

Fees paid to the Responsible Entity and its related parties out of Schemes' property during the year are disclosed in note 14 to the financial statements.

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

The number of interests in the Schemes held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 14 to the financial statements.

## Directors' report (continued)

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Schemes in regards to insurance cover provided to either the officers of Perpetual Investment Management Limited or the auditor of the Schemes. So long as the officers of Perpetual Investment Management Limited act in accordance with the Schemes' Constitutions and the law, the officers remain indemnified out of the assets of the Schemes against losses incurred while acting on behalf of the Schemes. The auditor of the Schemes is in no way indemnified out of the assets of the Schemes.

### Rounding of amounts to the nearest thousand dollars

The Schemes are entities of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the directors' report and 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 7.

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



Director

Sydney  
19 September 2018



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

To the Directors of Perpetual Investment Management Limited, the Responsible Entity for the following Schemes:

Perpetual Private Australian Share Fund;

Perpetual Private Fixed Income Fund;

Perpetual Private International Share Fund;

Perpetual Private Real Estate Fund;

Perpetual Private Geared Australian Share Fund;

Perpetual Private Balanced Fund;

Perpetual Private Conservative Fund;

Perpetual Private Diversified Fund;

Perpetual Private Growth Fund; and

Perpetual Private Geared High Growth Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of the Schemes for the financial year ended 30 June 2018, there have been:

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

KPMG

KPMG

Jessica Davis

Partner

Sydney

19 September 2018

-7-

**Perpetual Private Investment Funds**  
**Statements of comprehensive income**  
**For the year ended 30 June 2018**

Statements of comprehensive income	Notes	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$
<b>Investment income</b>											
Dividend/distribution income		51,320	49,201	22,076	20,993	28,901	19,837	27,054	24,091	442,412	182,382
Interest income		3,433	3,501	1,473	1,169	1,224	447	644	586	1,594	2,627
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	104,984	89,233	(3,205)	609	220,959	191,339	44,270	(20,130)	411,642	549,600
Net foreign exchange gains/(losses)		(23)	(2)	-	-	1,027	(1,782)	(203)	(593)	-	-
Other income		177	196	-	-	129	58	80	58	173,400	166,408
<b>Total net investment income/(loss)</b>		<b>159,891</b>	<b>142,129</b>	<b>20,344</b>	<b>22,771</b>	<b>252,240</b>	<b>209,899</b>	<b>71,845</b>	<b>4,012</b>	<b>1,029,048</b>	<b>901,017</b>
<b>Expenses</b>											
Responsible Entity's fees	14	23,759	23,106	2,374	1,994	17,961	15,833	7,100	6,776	173,185	166,200
Other operating expenses	4	1,852	2,464	109	95	2,483	3,436	629	710	22,068	12,552
<b>Total expenses</b>		<b>25,611</b>	<b>25,570</b>	<b>2,483</b>	<b>2,089</b>	<b>20,444</b>	<b>19,269</b>	<b>7,729</b>	<b>7,486</b>	<b>195,253</b>	<b>178,752</b>
<b>Operating profit/(loss)</b>		<b>134,280</b>	<b>116,559</b>	<b>17,861</b>	<b>20,682</b>	<b>231,796</b>	<b>190,630</b>	<b>64,116</b>	<b>(3,474)</b>	<b>833,795</b>	<b>722,265</b>
<b>Finance costs attributable to unitholders</b>											
Distributions to unitholders*	5	71,820	28,887	25,551	20,073	129,901	25,248	11,130	7,027	-	298,897
Interest expense		-	2	-	-	1	14	10	12	151,010	146,515
Changes in net assets attributable to unitholders*	6	62,460	87,670	(7,690)	609	101,894	165,368	52,976	(10,513)	-	276,853
<b>Profit/(loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>682,785</b>	<b>-</b>
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>682,785</b>	<b>-</b>

\*Effective from 1 July 2017, distributions to unitholders and changes in net assets attributable to unitholders has been disclosed in the statements of changes in equity due to the AMIT tax regime implementation for the Geared Australian Share Fund. This was disclosed in the above statement for the comparative year.

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

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

**Perpetual Private Investment Funds**  
**Statements of comprehensive income**  
**For the year ended 30 June 2018**  
**(continued)**

<b>Statements of comprehensive income</b>		<b>Balanced Fund</b>		<b>Conservative Fund</b>		<b>Diversified Fund</b>		<b>Growth Fund</b>		<b>Geared High Growth Fund</b>	
		<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017
	Notes	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Investment income</b>											
Dividend/distribution income		<b>8,892</b>	5,086	<b>441</b>	336	<b>1,554</b>	1,049	<b>2,366</b>	1,113	<b>611</b>	308
Interest income		<b>68</b>	221	<b>11</b>	22	<b>35</b>	72	<b>20</b>	37	<b>6</b>	5
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	<b>7,530</b>	9,542	<b>280</b>	334	<b>1,137</b>	1,387	<b>2,182</b>	2,905	<b>657</b>	939
Other income		-	-	-	-	-	-	-	-	<b>193</b>	187
<b>Total net investment income/(loss)</b>		<b>16,490</b>	14,849	<b>732</b>	692	<b>2,726</b>	2,508	<b>4,568</b>	4,055	<b>1,467</b>	1,439
<b>Expenses</b>											
Responsible Entity's fees	14	<b>1,364</b>	1,530	<b>133</b>	148	<b>376</b>	416	<b>230</b>	237	<b>221</b>	213
Other operating expenses	4	<b>49</b>	42	<b>44</b>	37	<b>44</b>	37	<b>48</b>	41	<b>22</b>	13
<b>Total expenses</b>		<b>1,413</b>	1,572	<b>177</b>	185	<b>420</b>	453	<b>278</b>	278	<b>243</b>	226
<b>Operating profit/(loss)</b>		<b>15,077</b>	13,277	<b>555</b>	507	<b>2,306</b>	2,055	<b>4,290</b>	3,777	<b>1,224</b>	1,213
<b>Finance costs attributable to unitholders</b>											
Distributions to unitholders*	5	-	7,614	-	167	-	640	-	824	-	342
Interest expense		-	-	-	-	-	-	-	-	<b>136</b>	129
Changes in net assets attributable to unitholders*	6	-	5,663	-	340	-	1,415	-	2,953	-	742
<b>Profit/(loss)</b>		<b>15,077</b>	-	<b>555</b>	-	<b>2,306</b>	-	<b>4,290</b>	-	<b>1,088</b>	-
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		<b>15,077</b>	-	<b>555</b>	-	<b>2,306</b>	-	<b>4,290</b>	-	<b>1,088</b>	-

\*Effective from 1 July 2017 for the above schemes, distributions to unitholders and changes in net assets attributable to unitholders have been disclosed in the statements of changes in equity due to the AMIT tax regime implementation. These were disclosed in the above statement for the comparative year.

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

**Perpetual Private Investment Funds**  
**Balance sheets**  
**As at 30 June 2018**

Balance sheets	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>		
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$	
<b>Assets</b>											
Cash and cash equivalents	12(b)	61,335	94,072	27,352	126,803	107,139	120,240	39,031	48,730	93,990	128,087
Financial assets held at fair value through profit or loss	7	1,253,580	1,132,464	927,666	691,394	1,414,592	1,191,208	602,968	530,786	8,047,609	8,325,710
Receivables for securities sold		15,308	1,160	-	-	50,957	4,398	2,356	4,472	-	-
Receivables	9	11,835	13,012	9,870	8,549	15,158	8,376	7,248	7,280	350,117	119,328
<b>Total assets</b>		<b>1,342,058</b>	<b>1,240,708</b>	<b>964,888</b>	<b>826,746</b>	<b>1,587,846</b>	<b>1,324,222</b>	<b>651,603</b>	<b>591,268</b>	<b>8,491,716</b>	<b>8,573,125</b>
<b>Liabilities</b>											
Financial liabilities held at fair value through profit or loss	8	3,607	2,474	-	-	-	-	-	-	-	-
Distributions payable to unitholders of the Schemes	5	51,561	11,877	9,850	7,343	122,168	25,248	2,150	7,027	606,704	298,897
Payables for securities purchased		3,031	6,105	-	-	1,422	2,164	643	5,595	-	-
Payables	10	5,917	2,196	928	854	3,831	4,126	1,417	926	34,601	34,187
Bank loans	11	-	-	-	-	-	-	-	-	4,200,346	4,263,278
Interest payable	11	-	-	-	-	-	-	-	-	877	398
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>64,116</b>	<b>22,652</b>	<b>10,778</b>	<b>8,197</b>	<b>127,421</b>	<b>31,538</b>	<b>4,210</b>	<b>13,548</b>	<b>4,842,528</b>	<b>4,596,760</b>
<b>Net assets attributable to unitholders - liability*</b>	6	<b>1,277,942</b>	<b>1,218,056</b>	<b>954,110</b>	<b>818,549</b>	<b>1,460,425</b>	<b>1,292,684</b>	<b>647,393</b>	<b>577,720</b>	<b>-</b>	<b>3,976,365</b>
<b>Net assets attributable to unitholders - equity*</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,649,188</b>	<b>-</b>

\* Net assets attributable to unitholders are classified as equity at 30 June 2018 and as financial liability at 30 June 2017 for the Geared Australian Share Fund.

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

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

**Perpetual Private Investment Funds**  
**Balance sheets**  
**As at 30 June 2018**  
**(continued)**

Balance sheets	Notes	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>											
Cash and cash equivalents	12(b)	1,134	16,004	707	1,258	950	5,055	2,218	1,802	576	85
Financial assets held at fair value through profit or loss	7	194,616	187,703	11,846	12,553	39,189	37,136	45,574	44,117	11,196	11,429
Receivables	9	5,967	1,756	317	115	914	325	1,729	424	504	156
<b>Total assets</b>		<b>201,717</b>	<b>205,463</b>	<b>12,870</b>	<b>13,926</b>	<b>41,053</b>	<b>42,516</b>	<b>49,521</b>	<b>46,343</b>	<b>12,276</b>	<b>11,670</b>
<b>Liabilities</b>											
Distributions payable to unitholders of the Schemes	5	8,797	6,358	114	111	360	518	415	660	293	342
Payables for securities purchased		500	-	-	-	-	-	200	-	-	-
Payables	10	139	187	95	36	66	61	74	47	45	44
Bank Loans	11	-	-	-	-	-	-	-	-	3,912	3,973
Interest payable	11	-	-	-	-	-	-	-	-	1	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>9,436</b>	<b>6,545</b>	<b>209</b>	<b>147</b>	<b>426</b>	<b>579</b>	<b>689</b>	<b>707</b>	<b>4,251</b>	<b>4,359</b>
<b>Net assets attributable to unitholders - liability*</b>	6	-	198,918	-	13,779	-	41,937	-	45,636	-	7,311
<b>Net assets attributable to unitholders - equity*</b>	6	<b>192,281</b>	-	<b>12,661</b>	-	<b>40,627</b>	-	<b>48,832</b>	-	<b>8,025</b>	-

\* Net assets attributable to unitholders are classified as equity at 30 June 2018 and as financial liability at 30 June 2017 for the above Schemes.

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

**Perpetual Private Investment Funds  
Statements of changes in equity  
For the year ended 30 June 2018**

<b>Statements of changes in equity</b>		<b>Geared Australian Share Fund<sup>1</sup></b>		<b>Balanced Fund</b>		<b>Conservative Fund</b>	
		<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017
	Notes	\$	\$	\$'000	\$'000	\$'000	\$'000
<b>Total equity at the beginning of the year</b>							
Reclassification due to AMIT tax regime implementation*	6	<b>3,976,365</b>	-	<b>198,918</b>	-	<b>13,779</b>	-
<b>Comprehensive income for the year</b>							
Profit/(loss)		<b>682,785</b>	-	<b>15,077</b>	-	<b>555</b>	-
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>682,785</b>	-	<b>15,077</b>	-	<b>555</b>	-
<b>Transactions with unitholders</b>							
Applications	6	<b>832,545</b>	-	<b>6,439</b>	-	<b>1,974</b>	-
Redemptions	6	<b>(1,534,700)</b>	-	<b>(18,855)</b>	-	<b>(3,541)</b>	-
Units issued upon reinvestment of distributions	6	<b>298,897</b>	-	<b>978</b>	-	<b>69</b>	-
Distributions to unitholders	5, 6	<b>(606,704)</b>	-	<b>(10,276)</b>	-	<b>(175)</b>	-
<b>Total transactions with unitholders</b>		<b>(1,009,962)</b>	-	<b>(21,714)</b>	-	<b>(1,673)</b>	-
<b>Total equity at the end of the year*</b>	6	<b>3,649,188</b>	-	<b>192,281</b>	-	<b>12,661</b>	-

\* Effective from 1 July 2017 for the above Schemes, the Schemes' units have been reclassified from financial liability to equity. As a result, equity transactions including distributions have been disclosed in the above statements for the year ended 30 June 2018. There were no equity transactions for the comparative year.

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

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

**Perpetual Private Investment Funds**  
**Statements of changes in equity**  
**For the year ended 30 June 2018**  
**(continued)**

<b>Statements of changes in equity</b>		<b>Diversified Fund</b>		<b>Growth Fund</b>		<b>Geared High Growth Fund</b>	
		<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017
	Notes	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Total equity at the beginning of the year</b>							
Reclassification due to AMIT tax regime implementation*	6	<b>41,937</b>	-	<b>45,636</b>	-	<b>7,311</b>	-
<b>Comprehensive income for the year</b>							
Profit/(loss)		<b>2,306</b>	-	<b>4,290</b>	-	<b>1,088</b>	-
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>2,306</b>	-	<b>4,290</b>	-	<b>1,088</b>	-
<b>Transactions with unitholders</b>							
Applications	6	<b>582</b>	-	<b>4,935</b>	-	<b>1,424</b>	-
Redemptions	6	<b>(3,839)</b>	-	<b>(5,653)</b>	-	<b>(1,847)</b>	-
Units issued upon reinvestment of distributions	6	<b>211</b>	-	<b>261</b>	-	<b>342</b>	-
Distributions to unitholders	5, 6	<b>(570)</b>	-	<b>(637)</b>	-	<b>(293)</b>	-
<b>Total transactions with unitholders</b>		<b>(3,616)</b>	-	<b>(1,094)</b>	-	<b>(374)</b>	-
<b>Total equity at the end of the year*</b>	6	<b>40,627</b>	-	<b>48,832</b>	-	<b>8,025</b>	-

\* Effective from 1 July 2017 for the above Schemes, the Schemes' units have been reclassified from financial liability to equity. As a result, equity transactions including distributions have been disclosed in the above statements for the year ended 30 June 2018. There were no equity transactions for the comparative year.

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

**Perpetual Private Investment Funds  
Statements of cash flows  
For the year ended 30 June 2018**

Statements of cash flows	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$
<b>Cash flows from operating activities</b>										
Dividends/distributions received	51,570	56,686	21,476	29,627	22,811	17,137	26,119	23,136	203,923	166,314
Interest received	3,459	3,554	1,477	1,259	1,223	464	645	624	1,595	2,735
Other income received	2,027	2,271	177	147	1,289	1,169	646	558	187,254	176,601
Responsible Entity's fees paid	(25,364)	(24,801)	(2,532)	(2,117)	(19,072)	(16,755)	(7,568)	(7,221)	(186,359)	(176,881)
Other operating expenses paid	(2,018)	(5,030)	(121)	(105)	(3,284)	(1,392)	(697)	(739)	(22,577)	(12,765)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>29,674</b>	<b>32,680</b>	<b>20,477</b>	<b>28,811</b>	<b>2,967</b>	<b>623</b>	<b>19,145</b>	<b>16,358</b>	<b>183,836</b>	<b>156,004</b>
<b>Cash flows from investing activities</b>										
Proceeds from sale of investments	411,670	710,369	364,092	-	649,924	713,480	224,030	247,910	2,035,666	1,348,598
Payments for purchase of investments	(443,906)	(617,005)	(603,569)	(60,628)	(702,181)	(756,750)	(254,996)	(292,067)	(1,345,923)	(1,590,314)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(32,236)</b>	<b>93,364</b>	<b>(239,477)</b>	<b>(60,628)</b>	<b>(52,257)</b>	<b>(43,270)</b>	<b>(30,966)</b>	<b>(44,157)</b>	<b>689,743</b>	<b>(241,716)</b>
<b>Cash flows from financing activities</b>										
Proceeds from applications by unitholders	59,950	102,259	228,542	202,661	196,486	223,074	83,267	102,859	839,963	848,998
Payments for redemptions by unitholders	(83,460)	(190,274)	(86,157)	(84,872)	(135,685)	(151,959)	(68,234)	(65,846)	(1,534,176)	(963,620)
Distributions paid	(6,665)	(4,943)	(22,836)	(28,137)	(28,170)	(8,628)	(12,916)	-	-	(1,182)
Proceeds from bank loans	-	-	-	-	-	-	-	-	1,293,068	1,570,549
Repayments of bank loans	-	-	-	-	-	-	-	-	(1,356,000)	(1,159,000)
Interest expense paid	-	(2)	-	-	(1)	(14)	(10)	(12)	(150,531)	(146,501)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(30,175)</b>	<b>(92,960)</b>	<b>119,549</b>	<b>89,652</b>	<b>32,630</b>	<b>62,473</b>	<b>2,107</b>	<b>37,001</b>	<b>(907,676)</b>	<b>149,244</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(32,737)</b>	<b>33,084</b>	<b>(99,451)</b>	<b>57,835</b>	<b>(16,660)</b>	<b>19,826</b>	<b>(9,714)</b>	<b>9,202</b>	<b>(34,097)</b>	<b>63,532</b>
Cash and cash equivalents at the beginning of the year	94,072	60,988	126,803	68,968	120,240	101,953	48,730	39,550	128,087	64,555
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	-	-	3,559	(1,539)	15	(22)	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>61,335</b>	<b>94,072</b>	<b>27,352</b>	<b>126,803</b>	<b>107,139</b>	<b>120,240</b>	<b>39,031</b>	<b>48,730</b>	<b>93,990</b>	<b>128,087</b>

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

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Perpetual Private Investment Funds  
Statements of cash flows  
For the year ended 30 June 2018  
(continued)

Statements of cash flows	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>										
Dividends/distributions received		4,522	5,473	307	416	959	1,315	1,053	1,024	261
Interest received		69	238	11	24	35	77	20	40	6
Other income received		108	112	14	14	32	32	20	19	210
Responsible Entity's fees paid		(1,484)	(1,639)	(143)	(160)	(408)	(446)	(245)	(254)	(237)
Other operating expenses paid		(57)	(46)	(51)	(41)	(52)	(41)	(56)	(46)	(23)
<b>Net cash inflow/(outflow) from operating activities</b>	12(a)	<b>3,158</b>	<b>4,138</b>	<b>138</b>	<b>253</b>	<b>566</b>	<b>937</b>	<b>792</b>	<b>783</b>	<b>217</b>
<b>Cash flows from investing activities</b>										
Proceeds from sale of investments		27,317	20,844	5,848	699	8,946	6,784	4,972	2,519	3,216
Payments for purchase of investments		(26,200)	(8,477)	(4,861)	(619)	(9,862)	(4,069)	(4,047)	(2,924)	(2,326)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>1,117</b>	<b>12,367</b>	<b>987</b>	<b>80</b>	<b>(916)</b>	<b>2,715</b>	<b>925</b>	<b>(405)</b>	<b>890</b>
<b>Cash flows from financing activities</b>										
Proceeds from applications by unitholders		6,592	10,959	1,905	2,368	586	2,533	4,943	4,264	1,426
Payments for redemptions by unitholders		(18,878)	(17,412)	(3,478)	(2,843)	(3,824)	(4,163)	(5,623)	(4,482)	(1,846)
Distributions paid		(6,859)	(6,860)	(103)	(111)	(517)	(508)	(621)	(390)	-
Proceeds from bank loans	12(d)	-	-	-	-	-	-	-	-	599
Repayments of bank loans	12(d)	-	-	-	-	-	-	-	-	(660)
Interest expense paid		-	-	-	-	-	-	-	-	(135)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(19,145)</b>	<b>(13,313)</b>	<b>(1,676)</b>	<b>(586)</b>	<b>(3,755)</b>	<b>(2,138)</b>	<b>(1,301)</b>	<b>(608)</b>	<b>(616)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(14,870)</b>	<b>3,192</b>	<b>(551)</b>	<b>(253)</b>	<b>(4,105)</b>	<b>1,514</b>	<b>416</b>	<b>(230)</b>	<b>491</b>
Cash and cash equivalents at the beginning of the year		16,004	12,812	1,258	1,511	5,055	3,541	1,802	2,032	85
<b>Cash and cash equivalents at the end of the year</b>	12(b)	<b>1,134</b>	<b>16,004</b>	<b>707</b>	<b>1,258</b>	<b>950</b>	<b>5,055</b>	<b>2,218</b>	<b>1,802</b>	<b>85</b>

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

## 1 General information

This annual financial report covers Perpetual Private Investment Funds ("the Schemes"). The Schemes are registered managed investment schemes under the *Corporations Act 2001*. The Schemes are domiciled in Australia.

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

The annual financial report was authorised for issue by the directors of the Responsible Entity on 19 September 2018. The directors of the Responsible Entity have the power to amend and reissue the annual financial report.

### *Reclassification of units from financial liability to equity*

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the *Tax Law Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust (AMIT) regime allows the Schemes that meet certain requirements to make an irrevocable choice to be an AMIT. The Schemes' Constitutions have been amended to allow them to operate as an AMIT and the conditions to adopt the AMIT tax regime have been met. The Responsible Entity elected into the AMIT regime for the Schemes effective from 1 July 2017 and the Schemes are therefore no longer contractually obliged to pay distributions. Consequently the units in the Schemes have been reclassified from financial liability to equity from 1 July 2017; except for the Australian Share Fund, Fixed Income Fund, International Share Fund and Real Estate Fund which their units remain classified as financial liability for the year ended 30 June 2018.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of this annual financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### **(a) Basis of preparation**

The annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

The annual financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

### *Compliance with International Financial Reporting Standards*

The annual financial report of the Schemes also complies with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

### *Functional and presentation currency*

The annual financial report is presented in Australian dollars, which is the Schemes' functional currency.

### *Use of estimates*

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. These estimates and associated assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### *New and amended standards adopted by the Schemes*

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Schemes.

The amendments made by AASB 2016-2 *Amendments to Australian Accounting Standard - Disclosure Initiative: Amendments to AASB 107* require disclosure of changes in liabilities arising from financing activities. The relevant information is provided in note 12.

### (b) New accounting standards and interpretation

Certain new accounting standards and interpretations have been published, but are not yet mandatory and have not been early adopted by the Schemes for the reporting period ended 30 June 2018. The assessment of the impact of these new standards (to the extent relevant to the Schemes) and interpretations is set out below:

#### (i) AASB 9 *Financial Instruments* (and applicable amendments) (effective for financial reporting periods beginning on or after 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has also introduced revised rules around hedge accounting and impairment. The standard is available for early adoption.

Management has concluded that the adoption of this standard does not have a significant impact on the recognition and measurement of the Schemes' financial instruments as they are carried at fair value through profit or loss. The Schemes do not hold debt instruments that could result in a reclassification of financial instruments to amortised cost or fair value through other comprehensive income. The derecognition rules have not been changed from the previous requirements and the Schemes do not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Schemes' investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Schemes.

#### (ii) AASB 15 *Revenue from Contracts with Customers* (effective for financial reporting periods beginning on or after 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Schemes' main sources of income are interest, dividends/distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. Management has concluded that the new revenue recognition rules do not have a significant impact on the Schemes' accounting policies or the amounts recognised in the financial statements.

## 2 Summary of significant accounting policies (continued)

### (c) Financial instruments

#### (i) Classification

The Schemes' investments are classified at fair value through profit or loss. They comprise:

- Financial instruments held for trading

All derivatives are classified as held for trading. The Schemes do not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debts, equity instruments, unlisted unit trusts and commercial papers.

These investments are managed and their performance is evaluated on a fair value basis in accordance with the investment strategy of each Scheme.

#### (ii) Recognition/derecognition

The Schemes recognise financial assets and liabilities on the date they become party to the purchase contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised on the date the Schemes become party to the sale contractual agreement (trade date).

#### (iii) Measurement

##### *Financial assets and liabilities held at fair value through profit or loss*

At initial recognition, a financial asset or liability is measured at fair value. Transaction costs are expensed in profit or loss as incurred. Subsequently all financial assets and liabilities are measured at fair value without any deduction for estimated future selling cost. Gains and losses arising from changes in the fair value measurement are included in profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further details of fair value measurement are disclosed in note 16(d).

## 2 Summary of significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheets 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.

### (d) Net assets attributable to unitholders

Units are redeemable at unitholders' option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Schemes at any time for cash based on the redemption price, which is equal to a proportionate share of the Schemes' net asset value attributable to unitholders. The units are carried at the redemption amount that is payable at the balance sheet date if the unitholders exercise their right to put the units back to the Schemes.

Prior to 1 July 2017, the units were classified as financial liability as the Schemes were required to distribute their distributable income in accordance with the Schemes' Constitutions. Effective from 1 July 2017, the units have been reclassified from financial liability to equity as the Schemes (except for the Australian Share Fund, Fixed Income Fund, International Share Fund and Real Estate Fund) satisfy all criteria for the classification of puttable financial instruments as equity, under AASB 132 *Financial Instruments: Presentation*.

The Australian Share Fund, Fixed Income Fund, International Share Fund and Real Estate Fund are the exception to the above. In accordance with AASB 132 *Financial Instruments: Presentation*, the units issued by these Schemes are puttable instruments and do not satisfy the exemption available for them to be classified as equity as they have units with different contractual features; therefore the units are classified as a financial liability.

The Schemes' Constitutions have been amended and they no longer have contractual obligation to pay distributions to unitholders after electing to the AMIT regime effective from 1 July 2017.

### (e) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash at bank, margin accounts, deposits held at call, other short term and highly liquid financial assets with a maturity period of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

### (f) Receivables

Receivables include accrued income and application monies receivables. Receivables are measured at their nominal amounts. Amounts are generally received within 30 days of being accrued for. Given the short term nature of most receivables, the nominal amount approximates fair value.

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

### **(g) Payables**

Payables include accrued expenses and redemption monies owing by the Schemes which are unpaid at the end of the reporting date. Amounts are generally paid within 30 days of being accrued for. Given the short term nature of most payables, the nominal amount approximates fair value.

### **(h) Investment income**

Interest income on cash balances is recognised in profit or loss as it accrues using the nominated interest rates available on the bank accounts held.

Dividend income is recognised on the ex-dividend date.

Trust distributions (including distributions from cash management trusts) are recognised on the ex-distribution date.

Other income is brought to account on an accruals basis.

### **(i) Expenses**

All expenses, including Responsible Entity's fees, are recognised in profit or loss on an accruals basis.

Interest expense is recognised in profit or loss as it accrues, using the applicable interest rates on borrowings.

### **(j) Income tax**

The Schemes are not subject to income tax provided the taxable income of the Schemes is attributed in full to their unitholders each financial year either by way of cash or reinvestment. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them effective from 1 July 2017. Prior to this date, unitholders were presently entitled to the income of the Schemes and were taxed on the distribution income paid by the Schemes.

The benefits of franking credits and foreign tax paid are passed on to unitholders, providing certain conditions are met.

### **(k) Goods and Services Tax**

The Goods and Services Tax ("GST") is incurred on the cost of various services provided to the Schemes by third parties. The Schemes qualify for Reduced Input Tax Credit; hence expenses such as Responsible Entity's fees have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Payables are stated with the amount of GST included. The net amount of GST recoverable is included in receivables in the balance sheets. Cash flows are included in the statements of cash flows on a gross basis.

## 2 Summary of significant accounting policies (continued)

### (l) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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 was determined. Translation differences on assets and liabilities carried at fair value are reported in profit or loss on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

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

Net gains/(losses) arising from changes in the fair value measurement comprise:

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
Net unrealised gains/(losses) on financial instruments held for trading	(2,143)	1,831	-	-	-	-	-	(2,377)	-	-
Net unrealised gains/(losses) on financial instruments designated at fair value through profit or loss	46,512	15,883	(7,895)	609	71,696	96,821	20,208	(51,748)	187,952	448,512
Net realised gains/(losses) on financial instruments held for trading	1,039	5,249	-	-	-	1,015	(34)	6,360	-	-
Net realised gains/(losses) on financial instruments designated at fair value through profit or loss	59,576	66,270	4,690	-	149,263	93,503	24,096	27,635	223,690	101,088
<b>Net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b>104,984</b>	<b>89,233</b>	<b>(3,205)</b>	<b>609</b>	<b>220,959</b>	<b>191,339</b>	<b>44,270</b>	<b>(20,130)</b>	<b>411,642</b>	<b>549,600</b>

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

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

Net gains/(losses) arising from changes in the fair value measurement comprise:

	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gains/(losses) on financial instruments designated at fair value through profit or loss	4,152	5,726	10	318	461	1,064	1,616	2,533	(390)	433
Net realised gains/(losses) on financial instruments designated at fair value through profit or loss	3,378	3,816	270	16	676	323	566	372	1,047	506
<b>Net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b>7,530</b>	<b>9,542</b>	<b>280</b>	<b>334</b>	<b>1,137</b>	<b>1,387</b>	<b>2,182</b>	<b>2,905</b>	<b>657</b>	<b>939</b>

### 4 Other operating expenses

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$
Transaction costs	1,536	1,905	-	-	820	794	446	537	-	-
Performance fees	-	266	-	-	1,058	2,080	-	-	-	-
Sundry expenses	316	293	109	95	605	562	183	173	22,068	12,552
<b>Total</b>	<b>1,852</b>	<b>2,464</b>	<b>109</b>	<b>95</b>	<b>2,483</b>	<b>3,436</b>	<b>629</b>	<b>710</b>	<b>22,068</b>	<b>12,552</b>

	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sundry expenses	49	42	44	37	44	37	48	41	22	13
<b>Total</b>	<b>49</b>	<b>42</b>	<b>44</b>	<b>37</b>	<b>44</b>	<b>37</b>	<b>48</b>	<b>41</b>	<b>22</b>	<b>13</b>

Sundry expenses include audit fees, custody fees, printing fees and other expenses incurred by the Schemes.

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 5 Distributions to unitholders

The distributions for the year were as follows:

	Australian Share Fund - Class R				Fixed Income Fund - Class R			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
Distributions paid - September	4,698	0.75	4,402	0.66	92	0.25	155	0.36
Distributions paid - December	7,658	1.21	5,286	0.78	172	0.49	231	0.55
Distributions paid - March	3,814	0.61	4,204	0.67	79	0.23	6	0.01
Distributions payable - June	42,737	6.85	9,621	1.53	182	0.52	195	0.50
	<b>58,907</b>		<b>23,513</b>		<b>525</b>		<b>587</b>	

  

	Australian Share Fund - Class I				Fixed Income Fund - Class I			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
Distributions paid - September	1,122	0.75	853	0.67	3,703	0.47	3,874	0.58
Distributions paid - December	1,807	1.21	1,170	0.87	6,807	0.81	6,044	0.87
Distributions paid - March	1,160	0.79	1,095	0.77	4,848	0.55	2,420	0.34
Distributions payable - June	8,824	5.81	2,256	1.55	9,668	1.07	7,148	0.94
	<b>12,913</b>		<b>5,374</b>		<b>25,026</b>		<b>19,486</b>	

  

<b>Total distributions</b>	<b>71,820</b>		<b>28,887</b>		<b>25,551</b>		<b>20,073</b>	
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## 5 Distributions to unitholders (continued)

The distributions for the year were as follows:

	International Share Fund - Class R				Real Estate Fund - Class R			
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2017	2017	2018	2018	2017	2017
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid - September	4	-	-	-	208	0.08	-	-
Distributions paid - December	14	-	-	-	938	0.36	-	-
Distributions paid - March	54	0.02	-	-	952	0.37	-	-
Distributions payable - June	31,700	9.54	5,114	1.42	165	0.07	1,117	0.45
	<u>31,772</u>		<u>5,114</u>		<u>2,263</u>		<u>1,117</u>	
	International Share Fund - Class I				Real Estate Fund - Class I			
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2017	2017	2018	2018	2017	2017
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid - September	1,766	0.26	-	-	1,195	0.46	-	-
Distributions paid - December	2,800	0.41	-	-	2,833	1.13	-	-
Distributions paid - March	3,095	0.44	-	-	2,854	1.13	-	-
Distributions payable - June	90,468	12.79	20,134	3.15	1,985	0.78	5,910	2.40
	<u>98,129</u>		<u>20,134</u>		<u>8,867</u>		<u>5,910</u>	
<b>Total distributions</b>	<u>129,901</u>		<u>25,248</u>		<u>11,130</u>		<u>7,027</u>	

## 5 Distributions to unitholders (continued)

The distributions for the year were as follows:

	Geared Australian Share Fund <sup>1</sup>				Balanced Fund			
	30 June 2018 \$	30 June 2018 CPU	30 June 2017 \$	30 June 2017 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
Distributions paid - September	-	-	-	-	335	0.21	552	0.33
Distributions paid - December	-	-	-	-	749	0.48	457	0.28
Distributions paid - March	-	-	-	-	395	0.25	247	0.15
Distributions payable - June	606,704	9.77	298,897	4.38	8,797	5.69	6,358	3.88
<b>Total distributions</b>	<b>606,704</b>		<b>298,897</b>		<b>10,276</b>		<b>7,614</b>	

  

	Conservative Fund				Diversified Fund			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
Distributions paid - September	20	0.18	32	0.26	52	0.15	92	0.25
Distributions paid - December	31	0.29	24	0.20	112	0.33	30	0.08
Distributions paid - March	10	0.09	-	-	46	0.14	-	-
Distributions payable - June	114	1.09	111	0.95	360	1.08	518	1.45
<b>Total distributions</b>	<b>175</b>		<b>167</b>		<b>570</b>		<b>640</b>	

  

	Growth Fund				Geared High Growth Fund			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
Distributions paid - September	73	0.22	76	0.22	-	-	-	-
Distributions paid - December	112	0.34	65	0.18	-	-	-	-
Distributions paid - March	37	0.11	23	0.07	-	-	-	-
Distributions payable - June	415	1.25	660	1.96	293	3.06	342	3.54
<b>Total distributions</b>	<b>637</b>		<b>824</b>		<b>293</b>		<b>342</b>	

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 6 Net assets attributable to unitholders

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

	Australian Share Fund				Fixed Income Fund			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Units '000	Units '000	\$'000	\$'000	Units '000	Units '000	\$'000	\$'000
<b>Net assets attributable to unitholders</b>								
Opening balance	775,778	807,102	1,218,056	1,194,405	797,340	684,590	818,549	701,572
Applications	41,245	75,438	59,030	103,343	221,880	194,943	229,263	200,966
Redemptions	(55,889)	(120,702)	(87,075)	(189,731)	(83,639)	(82,687)	(86,220)	(85,101)
Units issued upon reinvestment of distributions	14,937	13,940	25,471	22,369	203	494	208	503
Changes in net assets attributable to unitholders	-	-	62,460	87,670	-	-	(7,690)	609
<b>Closing balance</b>	<b>776,071</b>	<b>775,778</b>	<b>1,277,942</b>	<b>1,218,056</b>	<b>935,784</b>	<b>797,340</b>	<b>954,110</b>	<b>818,549</b>

  

	International Share Fund				Real Estate Fund			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Units '000	Units '000	\$'000	\$'000	Units '000	Units '000	\$'000	\$'000
<b>Net assets attributable to unitholders</b>								
Opening balance	999,063	953,467	1,292,684	1,057,694	493,373	465,642	577,720	550,797
Applications	132,859	171,991	196,994	220,398	62,274	81,578	82,293	103,156
Redemptions	(96,535)	(127,594)	(135,958)	(151,960)	(51,521)	(53,847)	(68,687)	(65,720)
Units issued upon reinvestment of distributions	4,242	1,199	4,811	1,184	3,484	-	3,091	-
Changes in net assets attributable to unitholders	-	-	101,894	165,368	-	-	52,976	(10,513)
<b>Closing balance</b>	<b>1,039,629</b>	<b>999,063</b>	<b>1,460,425</b>	<b>1,292,684</b>	<b>507,610</b>	<b>493,373</b>	<b>647,393</b>	<b>577,720</b>

As stipulated within the Schemes' Constitutions, each unit in a unit class represents a right to a unit in the relevant class within the Schemes and does not extend to a right to the underlying assets of the Schemes. There are two classes of units in the Schemes - Class R is offered through the Perpetual Select Investment Funds Product Disclosure Statement and Class I is offered through the Implemented Portfolios Product Disclosure Statement.

## 6 Net assets attributable to unitholders (continued)

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

	Geared Australian Share Fund <sup>1</sup>				Balanced Fund			
	30 June 2018 Units	30 June 2017 Units	30 June 2018 \$	30 June 2017 \$	30 June 2018 Units '000	30 June 2017 Units '000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Net assets attributable to unitholders</b>								
Opening balance*	6,817,786	6,076,487	3,976,365	3,311,872	163,716	168,729	198,918	199,248
Applications	1,305,551	1,400,208	832,545	848,920	5,152	8,448	6,439	10,373
Redemptions	(2,427,976)	(1,565,086)	(1,534,700)	(955,175)	(15,144)	(14,257)	(18,855)	(17,310)
Units issued upon reinvestment of distributions	512,483	906,177	298,897	493,895	800	796	978	944
Changes in net assets attributable to unitholders	-	-	-	276,853	-	-	-	5,663
Distributions to unitholders	-	-	(606,704)	-	-	-	(10,276)	-
Profit/(loss)	-	-	682,785	-	-	-	15,077	-
<b>Closing balance*</b>	<b>6,207,844</b>	<b>6,817,786</b>	<b>3,649,188</b>	<b>3,976,365</b>	<b>154,524</b>	<b>163,716</b>	<b>192,281</b>	<b>198,918</b>
	Conservative Fund				Diversified Fund			
	30 June 2018 Units '000	30 June 2017 Units '000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 Units '000	30 June 2017 Units '000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Net assets attributable to unitholders</b>								
Opening balance*	11,760	12,075	13,779	13,798	35,746	36,970	41,937	41,960
Applications	1,644	2,027	1,974	2,365	485	2,171	582	2,535
Redemptions	(2,963)	(2,439)	(3,541)	(2,835)	(3,203)	(3,562)	(3,839)	(4,163)
Units issued upon reinvestment of distributions	58	97	69	111	178	167	211	190
Changes in net assets attributable to unitholders	-	-	-	340	-	-	-	1,415
Distributions to unitholders	-	-	(175)	-	-	-	(570)	-
Profit/(loss)	-	-	555	-	-	-	2,306	-
<b>Closing balance*</b>	<b>10,499</b>	<b>11,760</b>	<b>12,661</b>	<b>13,779</b>	<b>33,206</b>	<b>35,746</b>	<b>40,627</b>	<b>41,937</b>

\* Net assets attributable to unitholders for the above Schemes are classified as equity at 30 June 2018 and as financial liability at 30 June 2017.

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual unit in the Schemes and does not extend to a right to the underlying assets of the Schemes. There are no separate classes of units and each unit has the same right attaching to it as all other units of the Schemes.

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 6 Net assets attributable to unitholders (continued)

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

	Growth Fund				Geared High Growth Fund			
	30 June 2018 Units '000	30 June 2017 Units '000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 Units '000	30 June 2017 Units '000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Net assets attributable to unitholders</b>								
Opening balance*	33,612	33,563	45,636	42,724	9,655	10,910	7,311	7,508
Applications	3,422	3,238	4,935	4,265	1,731	1,841	1,424	1,372
Redemptions	(3,966)	(3,326)	(5,653)	(4,482)	(2,274)	(3,405)	(1,847)	(2,524)
Units issued upon reinvestment of distributions	191	137	261	176	452	309	342	213
Changes in net assets attributable to unitholders	-	-	-	2,953	-	-	-	742
Distributions to unitholders	-	-	(637)	-	-	-	(293)	-
Profit/(loss)	-	-	4,290	-	-	-	1,088	-
<b>Closing balance*</b>	<b>33,259</b>	33,612	<b>48,832</b>	45,636	<b>9,564</b>	9,655	<b>8,025</b>	7,311

\* Net assets attributable to unitholders for the above Schemes are classified as equity at 30 June 2018 and as financial liability at 30 June 2017.

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual unit in the Schemes and does not extend to a right to the underlying assets of the Schemes. There are no separate classes of units and each unit has the same right attaching to it as all other units of the Schemes.

### *Capital risk management*

The Schemes consider their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and daily redemptions at the discretion of unitholders.

Applications and redemptions are reviewed relative to the liquidity of the Schemes' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Schemes' Constitutions, 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.

**7 Financial assets held at fair value through profit or loss**

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$
<b>Held for trading</b>										
Futures	46	-	-	-	-	-	-	-	-	-
Foreign exchange forward contracts	103	-	-	-	-	-	-	-	-	-
	149	-	-	-	-	-	-	-	-	-
<b>Designated at fair value through profit or loss</b>										
Equities	1,189,262	1,068,449	-	-	1,367,108	1,118,054	595,750	524,706	-	-
Debt securities	38,243	41,274	-	-	-	-	-	-	-	-
Unlisted unit trusts	25,926	22,741	927,666	691,394	47,484	73,154	7,218	6,080	8,047,609	8,325,710
	1,253,431	1,132,464	927,666	691,394	1,414,592	1,191,208	602,968	530,786	8,047,609	8,325,710
<b>Total financial assets held at fair value through profit or loss</b>	1,253,580	1,132,464	927,666	691,394	1,414,592	1,191,208	602,968	530,786	8,047,609	8,325,710
	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Designated at fair value through profit or loss</b>										
Unlisted unit trusts	194,616	187,703	11,846	12,553	39,189	37,136	45,574	44,117	11,196	11,429
<b>Total financial assets held at fair value through profit or loss</b>	194,616	187,703	11,846	12,553	39,189	37,136	45,574	44,117	11,196	11,429

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

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

	Australian Share Fund	
	30 June 2018 \$'000	30 June 2017 \$'000
	<b>Held for trading</b>	
Futures	-	9
Options	3,596	2,369
Foreign exchange forward contracts	11	96
<b>Total financial liabilities held at fair value through profit or loss</b>	<b>3,607</b>	<b>2,474</b>

## 9 Receivables

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
	Dividends/distributions receivable	10,352	10,602	7,162	6,562	11,095	5,005	6,369	5,434	314,967
Interest receivable	23	49	1	5	3	2	1	2	4	5
Applications receivable	830	1,750	2,646	1,925	2,607	2,099	687	1,661	17,288	24,706
Other receivables	630	611	61	57	1,453	1,270	191	183	17,858	18,139
<b>Total receivables</b>	<b>11,835</b>	<b>13,012</b>	<b>9,870</b>	<b>8,549</b>	<b>15,158</b>	<b>8,376</b>	<b>7,248</b>	<b>7,280</b>	<b>350,117</b>	<b>119,328</b>

	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
	Dividends/distributions receivable	5,861	1,491	231	97	868	273	1,688	375	453
Interest receivable	-	1	-	-	-	-	-	-	-	-
Applications receivable	71	224	82	13	35	39	33	41	30	32
Other receivables	35	40	4	5	11	13	8	8	21	21
<b>Total receivables</b>	<b>5,967</b>	<b>1,756</b>	<b>317</b>	<b>115</b>	<b>914</b>	<b>325</b>	<b>1,729</b>	<b>424</b>	<b>504</b>	<b>156</b>

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 10 Payables

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$
Responsible Entity's fees payable	2,157	2,024	208	192	1,705	1,502	661	609	14,909	15,411
Performance fees payable	-	-	-	-	1,332	2,080	-	-	-	-
Other fees payable	82	117	24	29	91	115	57	71	11,895	11,503
Redemptions payable	3,670	55	696	633	702	429	699	246	7,797	7,273
Other payable	8	-	-	-	1	-	-	-	-	-
<b>Total payables</b>	<b>5,917</b>	<b>2,196</b>	<b>928</b>	<b>854</b>	<b>3,831</b>	<b>4,126</b>	<b>1,417</b>	<b>926</b>	<b>34,601</b>	<b>34,187</b>

  

	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees payable	117	137	13	13	32	37	22	20	20	20
Other fees payable	22	27	19	23	19	24	22	27	12	12
Redemptions payable	-	23	63	-	15	-	30	-	13	12
<b>Total payables</b>	<b>139</b>	<b>187</b>	<b>95</b>	<b>36</b>	<b>66</b>	<b>61</b>	<b>74</b>	<b>47</b>	<b>45</b>	<b>44</b>

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 11 Borrowings

	Geared Australian Share Fund <sup>1</sup>		Geared High Growth Fund	
	30 June 2018 \$	30 June 2017 \$	30 June 2018 \$'000	30 June 2017 \$'000
Bank loans	4,200,346	4,263,278	3,912	3,973
Interest payable	877	398	1	-
	<b>4,201,223</b>	4,263,676	<b>3,913</b>	3,973

The carrying amount of the bank loans represents amount drawn under a cash advance facility, which approximates the fair value. This arrangement is available for Geared Australian Share Fund and Geared High Growth Fund for the purpose of gearing of the investments of the Schemes.

### *Geared Australian Share Fund*

The cash advance facility is limited to \$5 million (2017: \$6 million), however gearing is not allowed to exceed 60% of the Scheme's assets. The interest rate applicable to the cash advance facility is 3.81% at 30 June 2018 (2017: 3.41%).

### *Geared High Growth Fund*

The cash advance facility is limited to \$5 million (2017: \$5 million), however gearing is not allowed to exceed 50% of the Scheme's assets. The interest rate applicable to the cash advance facility is 3.96% at 30 June 2018 (2017: 3.41%).

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

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

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$
<b>(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>										
Operating profit/(loss)	134,280	116,559	17,861	20,682	231,796	190,630	64,116	(3,474)	833,795	722,265
(Increase)/decrease in dividends/distributions receivable	250	7,485	(600)	8,634	(6,090)	(2,700)	(935)	(955)	(238,489)	(16,068)
(Increase)/decrease in interest receivable	26	53	4	90	(1)	17	1	38	1	108
(Increase)/decrease in other receivables	(19)	204	(4)	(6)	(183)	(70)	(8)	(22)	281	(2,565)
Increase/(decrease) in payables	98	(2,390)	11	20	(569)	2,303	38	48	(110)	1,864
Net (gains)/losses on financial instruments held at fair value through profit or loss	(104,984)	(89,233)	3,205	(609)	(220,959)	(191,339)	(44,270)	20,130	(411,642)	(549,600)
Net foreign exchange (gains)/losses	23	2	-	-	(1,027)	1,782	203	593	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>29,674</b>	<b>32,680</b>	<b>20,477</b>	<b>28,811</b>	<b>2,967</b>	<b>623</b>	<b>19,145</b>	<b>16,358</b>	<b>183,836</b>	<b>156,004</b>
<b>(b) Components of cash and cash equivalents</b>										
Cash at the end of the year as shown in the statements of cash flows is reconciled to the balance sheets as follows:										
Cash at bank	61,210	78,871	27,352	126,803	107,139	120,240	39,031	48,730	93,990	128,087
Deposits at call	53	15,093	-	-	-	-	-	-	-	-
Margin accounts	72	108	-	-	-	-	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>61,335</b>	<b>94,072</b>	<b>27,352</b>	<b>126,803</b>	<b>107,139</b>	<b>120,240</b>	<b>39,031</b>	<b>48,730</b>	<b>93,990</b>	<b>128,087</b>
<b>(c) Non-cash financing activities</b>										
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plans	25,471	22,369	208	503	4,811	1,184	3,091	-	298,897	493,895
<b>(d) Reconciliation of liabilities arising from financing activities</b>										
Bank loans at the beginning of the year	-	-	-	-	-	-	-	-	4,263,278	3,851,729
Cash flows	-	-	-	-	-	-	-	-	(62,932)	411,549
<b>Bank loans at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,200,346</b>	<b>4,263,278</b>

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

**12 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities (continued)**

	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>										
Operating profit/(loss)	15,077	13,277	555	507	2,306	2,055	4,290	3,777	1,224	1,213
(Increase)/decrease in dividends/distributions receivable	(4,370)	387	(134)	80	(595)	266	(1,313)	(89)	(350)	(48)
(Increase)/decrease in interest receivable	1	17	-	2	-	5	-	3	-	1
(Increase)/decrease in other receivables	5	(2)	1	1	2	(1)	-	-	-	(2)
Increase/(decrease) in payables	(25)	1	(4)	(3)	(10)	(1)	(3)	(3)	-	2
Net (gains)/losses on financial instruments held at fair value through profit or loss	(7,530)	(9,542)	(280)	(334)	(1,137)	(1,387)	(2,182)	(2,905)	(657)	(939)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,158</b>	<b>4,138</b>	<b>138</b>	<b>253</b>	<b>566</b>	<b>937</b>	<b>792</b>	<b>783</b>	<b>217</b>	<b>227</b>
<b>(b) Components of cash and cash equivalents</b>										
Cash at the end of the year as shown in the statements of cash flows is reconciled to the balance sheets as follows:										
Cash at bank	1,134	16,004	707	1,258	950	5,055	2,218	1,802	576	85
<b>Total cash and cash equivalents</b>	<b>1,134</b>	<b>16,004</b>	<b>707</b>	<b>1,258</b>	<b>950</b>	<b>5,055</b>	<b>2,218</b>	<b>1,802</b>	<b>576</b>	<b>85</b>
<b>(c) Non-cash financing activities</b>										
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plans	978	944	69	111	211	190	261	176	342	213
<b>(d) Reconciliation of liabilities arising from financing activities</b>										
Bank overdraft at the beginning of the year	-	-	-	-	-	-	-	-	3,973	3,867
Cash flows	-	-	-	-	-	-	-	-	(61)	106
<b>Bank overdraft at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,912</b>	<b>3,973</b>

**13 Remuneration of auditors**

	<b>Australian Share Fund</b>		<b>Fixed Income Fund</b>		<b>International Share Fund</b>		<b>Real Estate Fund</b>		<b>Geared Australian Share Fund</b>	
	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amount received or due and receivable by KPMG: Audit and review of financial report and compliance plan	<b>18,216</b>	22,483	<b>11,128</b>	12,726	<b>18,216</b>	23,692	<b>18,216</b>	23,692	<b>10,553</b>	11,897

  

	<b>Balanced Fund</b>		<b>Conservative Fund</b>		<b>Diversified Fund</b>		<b>Growth Fund</b>		<b>Geared High Growth Fund</b>	
	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017	<b>30 June 2018</b>	30 June 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amount received or due and receivable by KPMG: Audit and review of financial report and compliance plan	<b>13,504</b>	15,424	<b>10,553</b>	11,897	<b>10,553</b>	11,897	<b>13,504</b>	15,424	<b>10,553</b>	11,897

Audit fees were paid or payable by the Schemes.

## 14 Related party transactions

### Responsible Entity

The Responsible Entity of Perpetual Private Investment Funds is Perpetual Investment Management Limited (ABN 18 000 866 535), a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827).

The Schemes do not employ personnel in their own right. However, they are required to have an incorporated Responsible Entity to manage the activities of the Schemes and this is considered the key management personnel.

### Key management personnel

#### (a) Directors

The directors of Perpetual Investment Management Limited during the financial year or since the end of the year and up to the date of this report were as follows:

D Lane (appointed 20 April 2017)

G Larkins (appointed 7 January 2013)

M Smith (appointed 3 November 2016)

G Foster (appointed 25 January 2013, Alternate for G Larkins)

#### (b) Other key management personnel

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

### Key management personnel unitholdings

From time to time directors of the Responsible Entity, or their related entities, may invest in or withdraw from the Schemes. These investments or withdrawals are on the same terms and conditions as those entered into by other unitholders of the Schemes.

There were no material balances involving key management personnel's interest in the Schemes at the reporting date.

## 14 Related party transactions (continued)

### Transactions with key management personnel

Key management personnel services are provided by Perpetual Investment Management Limited and included in the Responsible Entity's fees. There is no separate charge for these services. There was no compensation paid directly by the Schemes to any of the key management personnel during the year.

The Schemes have 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.

### Responsible Entity's fees and other transactions

Under the terms of the Schemes' Constitutions (as amended), the Responsible Entity is entitled to receive management fees calculated by reference to the net asset values of the relevant unit classes of the Schemes offering multi unit classes or the net asset values of the Schemes offering a single unit class. Where the Schemes invest into other schemes, the Responsible Entity's fees are calculated after rebating management fees charged by the underlying schemes.

Schemes offering multi unit classes	Responsible Entity's fees - Class R		Responsible Entity's fees - Class I
	Base Fee	Investment Management Fee	
Australian Share Fund	1.49%	0.54%	0.87%
Fixed Income Fund	1.49%	0.25%	0.44%
International Share Fund	1.49%	0.56%	0.90%
Real Estate Fund	1.49%	0.51%	0.67%

Schemes offering a single unit class	Responsible Entity's fees	
	Base Fee	Investment Management Fee
Geared Australian Share Fund	2.98%	1.08%
Balanced Fund	1.49%	0.39%
Conservative Fund	1.49%	0.26%
Diversified Fund	1.49%	0.33%
Growth Fund	1.49%	0.42%
Geared High Growth Fund	2.24%	0.71%

## 14 Related party transactions (continued)

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

The transactions during the year and amounts payable/receivable at the reporting date between the Schemes and the Responsible Entity were as follows:

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Responsible Entity's fees paid and payable	<b>23,759,198</b>	23,105,595	<b>2,374,242</b>	1,993,756	<b>17,960,599</b>	15,832,983	<b>7,100,496</b>	6,775,716	<b>173,185</b>	166,200
Responsible Entity's rebates received and receivable	-	-	-	-	-	-	-	-	<b>173,400</b>	166,408
Fees payable to the Responsible Entity	<b>2,157,162</b>	2,023,880	<b>207,698</b>	192,096	<b>1,705,496</b>	1,502,159	<b>660,953</b>	608,673	<b>14,909</b>	15,411
Rebates receivable from the Responsible Entity	-	-	-	-	-	-	-	-	<b>13,910</b>	14,377
	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Responsible Entity's fees paid and payable	<b>1,363,767</b>	1,529,861	<b>132,516</b>	148,101	<b>375,774</b>	416,076	<b>230,194</b>	237,153	<b>220,886</b>	212,676
Responsible Entity's rebates received and receivable	-	-	-	-	-	-	-	-	<b>193,102</b>	186,639
Fees payable to the Responsible Entity	<b>116,799</b>	136,841	<b>12,516</b>	12,733	<b>32,159</b>	36,637	<b>21,933</b>	20,056	<b>19,749</b>	20,028
Rebates receivable from the Responsible Entity	-	-	-	-	-	-	-	-	<b>16,069</b>	16,502

## 14 Related party transactions (continued)

### Related party unitholdings

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

Australian Share Fund	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	'000	%	'000	'000	\$'000	'000	%	'000	'000	\$'000
<b>Unitholders - Class R</b>										
Perpetual Charitable and Community Investor Fund	257,447	35.2	16,317	1,097	24,129	242,227	33.1	12,171	14,412	8,632
Perpetual Charitable Endowment Fund	64,275	8.8	3,895	-	6,036	60,380	8.2	13,257	1,852	2,057
Perpetual Private Balanced Fund	26,748	3.7	660	2,006	2,528	28,094	3.8	620	4,018	1,022
Perpetual Private Conservative Fund	900	0.1	23	101	86	978	0.1	21	70	36
Perpetual Private Diversified Fund	3,806	0.5	97	344	364	4,053	0.6	304	402	147
Perpetual Private Geared Australian Share Fund	4,600	0.6	767	1,173	442	5,006	0.7	974	720	182
Perpetual Private Geared High Growth Fund	2,289	0.3	232	1,260	223	3,317	0.5	462	552	117
Perpetual Private Growth Fund	8,125	1.1	199	470	767	8,396	1.1	483	557	305
Australian Eligible Rollover Fund	56,246	7.7	2,359	11,735	5,382	65,622	9.0	3,369	33,429	2,874
Perpetual's Select Superannuation Fund	190,380	26.0	7,116	17,930	18,060	201,194	27.5	13,291	47,524	7,754
<b>Unitholders - Class I</b>										
Perpetual Super Wrap	64,391	42.4	12,532	7,847	5,471	59,706	40.9	15,812	5,955	2,177

## 14 Related party transactions (continued)

### Related party unitholdings (continued)

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

Fixed Income Fund	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	'000	%	'000	'000	\$'000	'000	%	'000	'000	\$'000
<b>Unitholders - Class R</b>										
Perpetual Super Wrap	423	-	10	-	6	413	0.1	10	-	6
Perpetual's Select Superannuation Fund	11,156	1.2	1,585	3,257	170	12,828	1.6	1,502	4,435	205
<b>Unitholders - Class I</b>										
Perpetual Super Wrap	244,241	27.1	43,051	14,694	6,832	215,884	28.5	46,099	16,956	5,547
<b>International Share Fund</b>										
	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	'000	%	'000	'000	\$'000	'000	%	'000	'000	\$'000
<b>Unitholders - Class R</b>										
Perpetual Private Balanced Fund	37,915	3.2	513	2,879	3,627	40,281	3.5	138	4,956	573
Perpetual Private Conservative Fund	1,249	0.1	21	386	119	1,614	0.1	5	23	23
Perpetual Private Diversified Fund	4,998	0.4	74	873	478	5,797	0.5	419	1,002	82
Perpetual Private Geared High Growth Fund	3,087	0.3	192	776	295	3,671	0.3	317	545	52
Perpetual Private Growth Fund	11,322	0.9	159	1,319	1,083	12,482	1.1	1,016	988	178
Perpetual Super Wrap	157	-	-	9	15	166	-	-	-	2
Perpetual's Select Superannuation Fund	248,768	20.7	7,705	26,859	23,798	267,923	23.3	15,032	67,928	3,811
<b>Unitholders - Class I</b>										
Perpetual Super Wrap	194,378	27.5	27,784	19,819	27,001	186,413	29.2	35,097	19,395	5,867

## 14 Related party transactions (continued)

### Related party unitholdings (continued)

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

Real Estate Fund	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	'000	%	'000	'000	\$'000	'000	%	'000	'000	\$'000
<b>Unitholders - Class R</b>										
Perpetual Charitable and Community Investor Fund	82,283	12.0	6,702	-	718	75,581	11.3	9,681	-	342
Perpetual Charitable Endowment Fund	24,103	3.5	7,588	2,631	228	19,146	2.9	10,148	-	87
Perpetual Private Balanced Fund	17,345	2.5	248	207	153	17,304	2.6	-	230	78
Perpetual Private Conservative Fund	553	0.1	9	244	6	788	0.1	-	36	4
Perpetual Private Diversified Fund	3,571	0.5	51	62	32	3,582	0.5	-	66	16
Perpetual Private Geared High Growth Fund	1,436	0.2	1,436	-	11	-	-	-	-	-
Perpetual Private Growth Fund	3,748	0.5	54	40	33	3,734	0.6	-	41	17
Perpetual Super Wrap	89	-	-	-	1	89	-	-	-	-
Perpetual's Select Superannuation Fund	111,176	16.3	6,465	10,387	991	115,098	17.3	11,152	22,254	521
<b>Unitholders - Class I</b>										
Perpetual Super Wrap	70,732	27.9	10,505	12,040	2,520	72,267	29.3	14,091	8,326	1,734
<b>Geared Australian Share Fund<sup>1</sup></b>										
	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
		%			\$		%			\$
Unitholders										
Perpetual's Select Superannuation Fund	6,011,284	96.8	1,453,830	2,078,081	587,493	6,635,535	97.3	1,958,619	1,186,238	290,907

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 14 Related party transactions (continued)

### Related party unitholdings (continued)

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

	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	'000	%	'000	'000	\$'000	'000	%	'000	'000	\$'000
<b>Balanced Fund</b>										
<b>Unitholders</b>										
Perpetual Super Wrap	3,623	2.3	572	223	238	3,274	2.0	372	34	150
<b>Conservative Fund</b>										
<b>Unitholders</b>										
Perpetual Super Wrap	3,167	30.2	317	549	55	3,399	28.9	355	6	46
<b>Diversified Fund</b>										
<b>Unitholders</b>										
Perpetual Super Wrap	605	1.8	83	299	12	821	2.3	25	-	14

## 14 Related party transactions (continued)

### Related party unitholdings (continued)

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

Growth Fund	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	'000	%	'000	'000	\$'000	'000	%	'000	'000	\$'000
<b>Unitholders</b>										
Perpetual Super Wrap	559	1.7	114	120	11	565	1.7	152	21	13
<b>Geared High Growth Fund</b>										
	Number of	Interest	Number of	Number of	Distributions	Number of	Interest	Number of	Number of	Distributions
	units held	held	units	units	paid/payable	units held	held	units	units	paid/payable
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	'000	%	'000	'000	\$'000	'000	%	'000	'000	\$'000
<b>Unitholders</b>										
Perpetual's Select Superannuation Fund	9,174	95.9	1,681	1,915	281	9,408	97.4	1,804	2,498	333

## 14 Related party transactions (continued)

### Investments

The Schemes held investments in the following schemes which are also managed by the Responsible Entity or its related parties:

Australian Share Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions		
	units held	investments	held	units	units	received/		units held	investments		held	units	units	received/
	30 June	30 June	30 June	30 June	30 June	30 June		30 June	30 June		30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017		
	'000	'000	%	'000	'000	'000	'000	'000	%	'000	'000	'000		
<b>Investments</b>														
Perpetual Pure Microcap Fund	17,471	25,926	14.3	2,702	-	3,376	14,769	22,741	12.8	6,427	9,616	4,072		

  

Fixed Income Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions		
	units held	investments	held	units	units	received/		units held	investments		held	units	units	received/
	30 June	30 June	30 June	30 June	30 June	30 June		30 June	30 June		30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017		
	'000	'000	%	'000	'000	'000	'000	'000	%	'000	'000	'000		
<b>Investments</b>														
Perpetual Credit Income Fund	-	-	-	7,105	344,756	4,078	337,651	354,935	46.0	25,714	-	13,510		
Perpetual Institutional Cash Management Trust	8,000	8,000	0.6	8,000	-	18	-	-	-	-	-	-		
Perpetual Private Credit Pooled Fund	462,141	456,961	65.6	462,141	-	11,202	-	-	-	-	-	-		
Perpetual Private Duration Fixed Income Fund	467,300	462,705	66.4	126,624	-	6,778	340,676	336,459	61.8	34,025	-	7,483		

## 14 Related party transactions (continued)

### Investments (continued)

The Schemes held investments in the following schemes which are also managed by the Responsible Entity or its related parties:

International Share Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions
	units held	investments	held	units	units	received/ receivable						
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
	'000	\$'000	%	'000	'000	\$'000	'000	\$'000	%	'000	'000	\$'000
<b>Investments</b>												
Perpetual Smart Beta Emerging Market Equities Fund	-	-	-	-	-	-	-	-	-	248	25,713	-
Perpetual Wholesale Global Share Fund	30,437	47,484	8.7	2,666	17,377	9,961	45,148	73,154	14.0	6,819	1,158	4,160
<b>Geared Australian Share Fund<sup>1</sup></b>												
	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions
	units held	investments	held	units	units	received/ receivable						
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
		\$	%			\$		\$	%			\$
<b>Investments</b>												
Perpetual Private Australian Share Fund	4,599,856	8,047,609	0.6	767,295	1,173,903	442,412	5,006,464	8,325,710	0.7	974,489	719,876	182,382

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 14 Related party transactions (continued)

### Investments (continued)

The Schemes held investments in the following schemes which are also managed by the Responsible Entity or its related parties:

Balanced Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions
	units held	investments	held	units	units	received/ receivable	units held	investments	held	units	units	received/ receivable
	30 June 2018 '000	30 June 2018 \$'000	30 June 2018 %	30 June 2018 '000	30 June 2018 '000	30 June 2018 \$'000	30 June 2017 '000	30 June 2017 \$'000	30 June 2017 %	30 June 2017 '000	30 June 2017 '000	30 June 2017 \$'000
<b>Investments</b>												
Perpetual Credit Income Fund	-	-	-	218	10,585	125	10,367	10,898	1.4	1,323	-	393
Perpetual Defensive Alternatives Pool Fund	11,281	10,183	2.6	414	552	371	11,419	10,266	3.0	515	557	459
Perpetual Growth Alternatives Pool Fund	14,600	19,528	3.0	704	2,203	939	16,099	21,374	3.6	2,078	2,213	1,743
Perpetual Institutional Cash Management Trust	9,896	9,896	0.7	200	1,046	199	10,742	10,742	0.8	1,218	54	209
Perpetual Private Australian Share Fund	26,748	46,797	3.7	660	2,006	2,528	28,094	46,720	3.8	620	4,018	1,022
Perpetual Private Credit Pooled Fund	21,955	21,709	3.1	21,955	-	548	-	-	-	-	-	-
Perpetual Private Duration Fixed Income Fund	23,905	23,670	3.4	1,031	4,458	402	27,332	26,994	5.0	1,533	5,427	609
Perpetual Private International Share Fund	37,915	46,369	3.2	513	2,879	3,627	40,281	45,627	3.5	138	4,956	573
Perpetual Private Real Estate Fund	17,345	16,464	2.5	248	207	153	17,304	15,082	2.6	-	230	78

## 14 Related party transactions (continued)

### Investments (continued)

The Schemes held investments in the following schemes which are also managed by the Responsible Entity or its related parties:

Conservative Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions
	units held	investments	held	units	units	received/ receivable	units held	investments	held	units	units	received/ receivable
	30 June 2018 '000	30 June 2018 \$'000	30 June 2018 %	30 June 2018 '000	30 June 2018 '000	30 June 2018 \$'000	30 June 2017 '000	30 June 2017 \$'000	30 June 2017 %	30 June 2017 '000	30 June 2017 '000	30 June 2017 \$'000
<b>Investments</b>												
Perpetual Credit Income Fund	-	-	-	34	1,656	20	1,622	1,705	0.2	64	-	65
Perpetual Defensive Alternatives Pool Fund	1,069	965	0.3	594	333	36	808	726	0.2	36	-	31
Perpetual Growth Alternatives Pool Fund	454	608	0.1	22	184	29	616	818	0.1	50	-	66
Perpetual Institutional Cash Management Trust	840	840	0.1	30	1,256	25	2,066	2,066	0.2	246	62	41
Perpetual Private Australian Share Fund	900	1,575	0.1	23	101	86	978	1,627	0.1	21	70	36
Perpetual Private Credit Pooled Fund	2,937	2,904	0.4	3,037	100	73	-	-	-	-	-	-
Perpetual Private Duration Fixed Income Fund	2,931	2,902	0.4	1,116	1,320	47	3,135	3,096	0.6	171	471	70
Perpetual Private International Share Fund	1,249	1,527	0.1	21	386	119	1,614	1,829	0.1	5	23	23
Perpetual Private Real Estate Fund	553	525	0.1	9	244	6	788	686	0.1	-	36	4

## 14 Related party transactions (continued)

### Investments (continued)

The Schemes held investments in the following schemes which are also managed by the Responsible Entity or its related parties:

Diversified Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions		
	units held	investments	held	units	units	received/ receivable								
	30 June	30 June	30 June	30 June	30 June	30 June								
2018	2018	2018	2018	2018	2018	2017	30 June	30 June	30 June	30 June	30 June	2017	30 June	2017
'000	\$'000	%	'000	'000	\$'000	'000	'000	\$'000	%	'000	'000	\$'000		
<b>Investments</b>														
Perpetual Credit Income Fund	-	-	-	45	2,181	26	2,136	2,246	0.3	84	-	86		
Perpetual Defensive Alternatives Pool Fund	2,355	2,126	0.6	88	166	79	2,433	2,186	0.6	110	111	97		
Perpetual Growth Alternatives Pool Fund	3,173	4,245	0.7	153	366	204	3,386	4,496	0.8	1,042	369	367		
Perpetual Institutional Cash Management Trust	449	449	-	54	4,055	35	4,450	4,450	0.3	1,088	63	84		
Perpetual Private Australian Share Fund	3,806	6,659	0.5	97	344	364	4,053	6,740	0.6	304	402	147		
Perpetual Private Credit Pooled Fund	8,091	8,000	1.1	8,091	-	201	-	-	-	-	-	-		
Perpetual Private Duration Fixed Income Fund	8,290	8,208	1.2	1,064	196	135	7,422	7,330	1.3	523	4,307	170		
Perpetual Private International Share Fund	4,998	6,112	0.4	74	873	478	5,797	6,566	0.5	419	1,002	82		
Perpetual Private Real Estate Fund	3,571	3,390	0.5	51	62	32	3,582	3,122	0.5	-	66	16		

## 14 Related party transactions (continued)

### Investments (continued)

The Schemes held investments in the following schemes which are also managed by the Responsible Entity or its related parties:

Growth Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions
	units held	investments	held	units	units	received/ receivable		units held	investments		held	units
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
	'000	\$'000	%	'000	'000	\$'000	'000	\$'000	%	'000	'000	\$'000
<b>Investments</b>												
Perpetual Credit Income Fund	-	-	-	33	1,604	19	1,571	1,652	0.2	62	-	63
Perpetual Defensive Alternatives Pool Fund	1,485	1,340	0.3	55	-	49	1,430	1,286	0.4	63	-	56
Perpetual Growth Alternatives Pool Fund	4,187	5,600	0.9	789	186	269	3,584	4,758	0.8	292	-	388
Perpetual Institutional Cash Management Trust	1,992	1,992	0.1	45	509	43	2,456	2,456	0.2	448	10	47
Perpetual Private Australian Share Fund	8,125	14,215	1.1	199	470	767	8,396	13,962	1.1	483	557	305
Perpetual Private Credit Pooled Fund	2,426	2,398	0.3	2,426	-	59	-	-	-	-	-	-
Perpetual Private Duration Fixed Income Fund	2,651	2,625	0.4	54	45	44	2,642	2,609	0.5	145	443	59
Perpetual Private International Share Fund	11,322	13,847	0.9	159	1,319	1,083	12,482	14,139	1.1	1,016	988	178
Perpetual Private Real Estate Fund	3,748	3,557	0.5	54	40	33	3,734	3,255	0.6	-	41	17

## 14 Related party transactions (continued)

### Investments (continued)

The Schemes held investments in the following schemes which are also managed by the Responsible Entity or its related parties:

Geared High Growth Fund	Number of	Fair value of	Interest	Number of	Number of	Distributions	Number of	Fair value of	Interest	Number of	Number of	Distributions
	units held	investments	held	units	units	received/ receivable						
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
	'000	\$'000	%	'000	'000	\$'000	'000	\$'000	%	'000	'000	\$'000
<b>Investments</b>												
Perpetual Growth Alternatives Pool Fund	1,252	1,674	0.3	61	72	80	1,263	1,677	0.3	103	74	137
Perpetual Institutional Cash Management Trust	379	379	-	302	-	2	77	77	-	1	-	2
Perpetual Private Australian Share Fund	2,289	4,005	0.3	232	1,260	223	3,317	5,516	0.5	462	552	117
Perpetual Private International Share Fund	3,087	3,775	0.3	192	776	295	3,671	4,159	0.3	317	545	52
Perpetual Private Real Estate Fund	1,436	1,363	0.2	1,436	-	11	-	-	-	-	-	-

## 15 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding control and the relevant activities are directed by means of contractual arrangements.

The Schemes consider all investments in unlisted unit trusts to be structured entities. The Schemes invest in unlisted unit trusts for the purpose of capital appreciation and earning investment income.

The unlisted unit trusts are invested in accordance with the investment strategy by their respective investment managers. The return of the unlisted unit trusts is exposed to the variability of the performance of their investments. The unlisted unit trusts finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective trusts' net assets and distributions.

The Schemes' exposure to structured entities is disclosed in note 7. The fair value of these entities is included in financial assets held at fair value through profit or loss in the balance sheets.

The Schemes' maximum exposure to loss from their interests in the structured entities is equal to the total fair value of their investments in these entities as there are no off balance sheet exposures relating to them. The Schemes' exposure to any risk from the structured entities will cease when these investments are disposed of.

The Schemes do not have current commitments or intentions and contractual obligations to provide financial or other support to the structured entities. There are no loans or advances currently made to these entities.

There are no significant restrictions on the ability of the structured entities to transfer funds to the Schemes in the form of cash distributions.

### *Unconsolidated subsidiaries*

The Schemes apply the investment entity exception to consolidation available under AASB 10 *Consolidated Financial Statements* and measure their subsidiaries at fair value through profit or loss.

The following unconsolidated structured entities are considered to be the Schemes' subsidiaries at the reporting date:

	<b>Fixed Income Fund</b>			
	<b>Fair value</b>		<b>Ownership interest</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>\$'000</b>	\$'000	%	%
Perpetual Private Credit Pooled Fund	<b>456,961</b>	-	<b>65.6</b>	-
Perpetual Private Duration Fixed Income Fund	<b>462,705</b>	336,459	<b>66.4</b>	61.8

The above subsidiaries are domiciled in Australia.

## 16 Financial risk management

The Schemes' investing activities expose them to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

A risk management framework has been established by the Responsible Entity of the Schemes to monitor the Schemes' compliance with their governing documents and to minimise risks in their investment activities. This framework incorporates a regular assessment process to ensure procedures and controls adequately manage the investment activities. The Schemes are permitted to use derivative products. However, the use of derivatives must be consistent with the investment strategy and restrictions specified in the Schemes' governing documents.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equities, unlisted unit trusts and debt securities is limited to the fair values of those positions. The maximum loss of capital on derivatives is limited to the notional contract values of those positions.

The Schemes' asset managers aim to manage these risks through the use of consistent and carefully considered investment strategy and guidelines specifically tailored for the Schemes' investment objectives. Risk management techniques are used in the selection of investments. Assets managers will only purchase securities (including derivatives) which meet the prescribed investment criteria. Risk may also be reduced by diversifying investments across several asset managers, markets, regions or different asset classes and counterparties.

The Schemes use different methods to measure different types of risks to which they are exposed. These methods include sensitivity analysis in the case of currency risk, interest rate risk and price risk; and credit ratings analysis for credit risk.

### (a) Market risk

#### (i) Currency risk

Currency risk arises as the fair value or future cash flows of monetary securities denominated in foreign currency will fluctuate due to changes in exchange rates. The currency risk relating to non-monetary assets and liabilities is a component of price risk not currency risk. However, management monitors the exposures on all foreign currency denominated assets and liabilities.

With the exception of the International Share Fund and Real Estate Fund, the Schemes did not have any significant direct exposure to currency risk at the reporting date.

#### *International Share Fund*

The Scheme's investments are predominantly denominated in foreign currency. The Scheme did not hold any derivatives to protect the valuation of financial assets and liabilities against variations in the exchange rates at the reporting date.

#### *Real Estate Fund*

The Scheme has significant investments that are denominated in foreign currency. The Scheme's investment strategy allows it to hold derivatives. The Scheme did not hold any derivatives to protect the valuation of financial assets and liabilities against variations in the exchange rates at the reporting date.

## 16 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The following table summarises the Schemes' exposures to currency risk:

	International Share Fund		Real Estate Fund	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
United States Dollar	1,026,361	888,935	175,185	158,499
British Pound	73,389	61,810	22,506	24,013
Euro	152,351	120,915	27,566	22,157
Hong Kong Dollar	61,276	41,918	35,810	21,048
Japanese Yen	58,967	32,283	25,389	26,392
Other currencies	85,585	72,040	9,535	11,227
<b>Total foreign currency exposure</b>	<b>1,457,929</b>	<b>1,217,901</b>	<b>295,991</b>	<b>263,336</b>

The table presented in note 16(a)(iv) summarises sensitivity analysis to currency risk. This analysis is based on the assumption that the Australian dollar weakened and strengthened against the individual foreign currency to which the Schemes are significantly exposed to at the reporting date.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Schemes are exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Schemes to fair value interest rate risk.

The Schemes' exposure to interest rate risk predominantly arises from cash and cash equivalents and units in cash management trusts, which earn/charge a floating rate of interest.

The Geared Australian Share Fund and Geared High Growth Fund also have interest rate risk exposures from their borrowings which charge a floating rate of interest.

## 16 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk (continued)

The following tables summarise the Schemes' exposure to interest rate risk:

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$
<b>Financial assets</b>										
Cash and cash equivalents	61,335	94,072	27,352	126,803	107,139	120,240	39,031	48,730	93,990	128,087
Cash management trusts	-	-	8,000	-	-	-	-	-	-	-
Debt securities	38,243	41,274	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>										
Bank loans	-	-	-	-	-	-	-	-	4,200,346	4,263,278
	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>										
Cash and cash equivalents	1,134	16,004	707	1,258	950	5,055	2,218	1,802	576	85
Cash management trusts	9,896	10,742	840	2,066	449	4,450	1,992	2,456	379	77
<b>Financial liabilities</b>										
Bank loans	-	-	-	-	-	-	-	-	3,912	3,973

The table presented in note 16(a)(iv) summarises sensitivity analysis to interest rate risk. This analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 16 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Schemes are exposed to price risk predominantly through their investments for which prices in the future are uncertain. The price risk arising from investments in debt securities is impacted by movements in interest rates and is reflected in note 16(a)(ii).

The fair value of the Schemes' investments exposed to price risk was as follows:

	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund		Geared Australian Share Fund <sup>1</sup>	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$	30 June 2017 \$
Derivatives*	(3,550)	(2,377)	-	-	-	-	-	-	-	-
Equities*	1,189,262	1,068,449	-	-	1,367,108	1,118,054	595,750	524,706	-	-
Units in fixed income trusts	-	-	919,666	691,394	-	-	-	-	-	-
Units in equity and other trusts*	25,926	22,741	-	-	47,484	73,154	7,218	6,080	8,047,609	8,325,710

\*Equities and equity related securities

	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000						
Units in fixed income trusts	45,379	37,892	5,806	4,801	16,208	9,576	5,023	4,261	-	-
Units in equity and other trusts	139,341	139,069	5,200	5,686	22,532	23,110	38,559	37,400	10,817	11,352

The table presented in note 16(a)(iv) summarises sensitivity analysis to price risk. This analysis assumes that all other variables remain constant.

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 16 Financial risk management (continued)

### (a) Market risk (continued)

#### (iv) Sensitivity analysis

The following tables summarise the sensitivity of the operating profit and net assets attributable to unitholders to currency risk, interest rate risk and price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign currency exchange rates, interest rates and historical correlation of the Schemes' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Schemes invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

		Impact on operating profit/net assets attributable to unitholders			
		International Share Fund		Real Estate Fund	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000
<b>Currency risk</b>	<b>USD</b>				
	+10%	(102,636)	(88,894)	(17,519)	(15,850)
	-10%	102,636	88,894	17,519	15,850
GBP	+8%	(5,871)	(4,945)	(1,801)	(1,921)
	-8%	5,871	4,945	1,801	1,921
EUR	+8%	(12,188)	(9,673)	(2,205)	(1,773)
	-8%	12,188	9,673	2,205	1,773
HKD	+12%	(7,353)	(5,030)	(4,297)	(2,526)
	-12%	7,353	5,030	4,297	2,526
JPY	+10%	(5,897)	(3,228)	(2,539)	(2,639)
	-10%	5,897	3,228	2,539	2,639

## 16 Financial risk management (continued)

### (a) Market risk (continued)

(iv) Sensitivity analysis (continued)

		Impact on operating profit/net assets attributable to unitholders								Geared Australian Share Fund <sup>1</sup>		
Sensitivity rates	Australian Share Fund		Fixed Income Fund		International Share Fund		Real Estate Fund					
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$	\$	
Interest rate risk	+1%	919	1,265	354	1,268	1,071	1,202	390	487	(41,064)	(41,352)	
	-1%	(919)	(1,265)	(354)	(1,268)	(1,071)	(1,202)	(390)	(487)	41,064	41,352	
Price risk												
	Equities and equity related securities	+10%	121,164	-	-	-	-	-	-	804,761	-	
		-10%	(121,164)	-	-	-	-	-	-	(804,761)	-	
		+15%	-	163,322	-	-	212,189	178,681	90,445	79,618	-	1,248,857
		-15%	-	(163,322)	-	-	(212,189)	(178,681)	(90,445)	(79,618)	-	(1,248,857)
Units in fixed income trusts	+5%	-	-	45,983	34,570	-	-	-	-	-	-	
	-5%	-	-	(45,983)	(34,570)	-	-	-	-	-	-	

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 16 Financial risk management (continued)

### (a) Market risk (continued)

#### (iv) Sensitivity analysis (continued)

		Impact on operating profit/net assets attributable to unitholders									
Sensitivity rates	Balanced Fund		Conservative Fund		Diversified Fund		Growth Fund		Geared High Growth Fund		
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	
<b>Interest rate risk</b>	+1%	110	267	15	33	14	95	42	43	(30)	(38)
	-1%	(110)	(267)	(15)	(33)	(14)	(95)	(42)	(43)	30	38
<b>Price risk</b>											
Units in fixed income trusts	+5%	2,269	1,895	290	240	810	479	251	213	-	-
	-5%	(2,269)	(1,895)	(290)	(240)	(810)	(479)	(251)	(213)	-	-
Units in equity and other trusts	+10%	13,934	-	520	-	2,253	-	3,856	-	1,082	-
	-10%	(13,934)	-	(520)	-	(2,253)	-	(3,856)	-	(1,082)	-
	+15%	-	20,860	-	853	-	3,467	-	5,610	-	1,703
	-15%	-	(20,860)	-	(853)	-	(3,467)	-	(5,610)	-	(1,703)

### (b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The Schemes are exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, and receivables for securities sold. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

#### (i) Derivative financial instruments

The risk of counterparty default in a derivative transaction is minimised by predominantly using exchange traded derivatives (except for currency hedging, contracts for differences, and occasionally other approved over the counter instruments). The exchange traded derivatives are only executed and cleared through approved members of the exchanges. For over the counter derivatives, minimum credit ratings apply for counterparties at the time of entering into a contract and ISDA agreements are put in place with counterparties.

## **16 Financial risk management (continued)**

### **(b) Credit risk (continued)**

#### *(ii) Cash and cash equivalents*

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A or higher (as determined by Standard & Poor's).

#### *(iii) Receivables for securities sold*

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment from the counterparty. Payments on securities acquired are only made after the broker has received the securities. The trade will fail if either party fails to meet its obligations.

All transactions in unlisted unit trusts are settled/unitised when unit prices are issued. The risk of default is considered low except when trading in a suspended unlisted unit trust.

### **(c) Liquidity risk**

Liquidity risk is the risk that the Schemes will not be able to meet their financial obligations as they fall due.

The Schemes are exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives.

The Schemes' investments in equity securities are considered to be readily realisable. The Schemes primarily hold investments in an active market which can be readily disposed. Only a limited proportion of these investments are not actively traded on a stock exchange.

The Schemes' investments in unlisted unit trusts expose them to the risk that the responsible entity or the manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Schemes. However, these investments are considered readily realisable unless the unlisted unit trusts are declared illiquid or suspended.

The Schemes may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Schemes may not be able to quickly liquidate their investments in these instruments at an amount close to their fair value to meet their liquidity requirements or to respond to specific events. No significant over the counter derivative contracts were held at year end.

In order to manage the Schemes' overall liquidity, asset managers will only purchase securities (including derivatives) which meet the Schemes' investment criteria including the assessment of saleability in different market conditions. The Schemes' investment strategy generally defines a minimum liquidity level for the Schemes which is monitored regularly. The Responsible Entity has the discretion to reject an application and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Schemes did not reject or withhold any redemptions during the reporting period.

## 16 Financial risk management (continued)

### (c) Liquidity risk (continued)

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

	30 June 2018				30 June 2017			
	Contractual cash flows				Contractual cash flows			
Australian Share Fund	Carrying amount \$'000	At call \$'000	less than 6 months \$'000	6 - 12 months \$'000	Carrying amount \$'000	At call \$'000	less than 6 months \$'000	6 - 12 months \$'000
<b>Non-derivative financial liabilities</b>								
Distributions payable to unitholders of the Scheme	51,561	-	51,561	-	11,877	-	11,877	-
Payables for securities purchased	3,031	-	3,031	-	6,105	-	6,105	-
Payables	5,917	-	5,917	-	2,196	-	2,196	-
Net assets attributable to unitholders - liability	1,277,942	1,277,942	-	-	1,218,056	1,218,056	-	-
<b>Total</b>	<b>1,338,451</b>	<b>1,277,942</b>	<b>60,509</b>	<b>-</b>	<b>1,238,234</b>	<b>1,218,056</b>	<b>20,178</b>	<b>-</b>
<b>Derivative financial liabilities</b>								
Futures	-	-	-	-	9	-	9	-
Options	3,596	-	3,596	-	2,369	-	2,115	254
Foreign exchange forward contracts	11	-	-	-	96	-	-	-
Outflow	-	-	1,386	-	-	-	4,454	-
Inflow	-	-	(1,375)	-	-	-	(4,358)	-
<b>Total</b>	<b>3,607</b>	<b>-</b>	<b>3,607</b>	<b>-</b>	<b>2,474</b>	<b>-</b>	<b>2,220</b>	<b>254</b>

## 16 Financial risk management (continued)

### (c) Liquidity risk (continued)

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

Fixed Income Fund	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
	Carrying amount \$'000	At call \$'000	less than 6 months \$'000	Carrying amount \$'000	At call \$'000	less than 6 months \$'000
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	9,850	-	9,850	7,343	-	7,343
Payables	928	-	928	854	-	854
Net assets attributable to unitholders - liability	954,110	954,110	-	818,549	818,549	-
<b>Total</b>	<b>964,888</b>	<b>954,110</b>	<b>10,778</b>	<b>826,746</b>	<b>818,549</b>	<b>8,197</b>

International Share Fund	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
	Carrying amount \$'000	At call \$'000	less than 6 months \$'000	Carrying amount \$'000	At call \$'000	less than 6 months \$'000
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	122,168	-	122,168	25,248	-	25,248
Payables for securities purchased	1,422	-	1,422	2,164	-	2,164
Payables	3,831	-	3,831	4,126	-	4,126
Net assets attributable to unitholders - liability	1,460,425	1,460,425	-	1,292,684	1,292,684	-
<b>Total</b>	<b>1,587,846</b>	<b>1,460,425</b>	<b>127,421</b>	<b>1,324,222</b>	<b>1,292,684</b>	<b>31,538</b>

## 16 Financial risk management (continued)

### (c) Liquidity risk (continued)

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
Real Estate Fund	Carrying amount	At call	less than 6 months	Carrying amount	At call	less than 6 months
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	2,150	-	2,150	7,027	-	7,027
Payables for securities purchased	643	-	643	5,595	-	5,595
Payables	1,417	-	1,417	926	-	926
Net assets attributable to unitholders - liability	647,393	647,393	-	577,720	577,720	-
<b>Total</b>	<b>651,603</b>	<b>647,393</b>	<b>4,210</b>	<b>591,268</b>	<b>577,720</b>	<b>13,548</b>

	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
Geared Australian Share Fund <sup>1</sup>	Carrying amount	At call	less than 6 months	Carrying amount	At call	less than 6 months
	\$	\$	\$	\$	\$	\$
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	606,704	-	606,704	298,897	-	298,897
Payables	34,601	-	34,601	34,187	-	34,187
Bank loans	4,200,346	-	4,200,346	4,263,278	-	4,263,278
Interest payable	877	-	877	398	-	398
Net assets attributable to unitholders - liability	-	-	-	3,976,365	3,976,365	-
<b>Total</b>	<b>4,842,528</b>	<b>-</b>	<b>4,842,528</b>	<b>8,573,125</b>	<b>3,976,365</b>	<b>4,596,760</b>

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 16 Financial risk management (continued)

### (c) Liquidity risk (continued)

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
	Carrying amount \$'000	At call \$'000	less than 6 months \$'000	Carrying amount \$'000	At call \$'000	less than 6 months \$'000
<b>Balanced Fund</b>						
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	8,797	-	8,797	6,358	-	6,358
Payables for securities purchased	500	-	500	-	-	-
Payables	139	-	139	187	-	187
Net assets attributable to unitholders - liability	-	-	-	198,918	198,918	-
<b>Total</b>	<b>9,436</b>	<b>-</b>	<b>9,436</b>	<b>205,463</b>	<b>198,918</b>	<b>6,545</b>

	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
	Carrying amount \$'000	At call \$'000	less than 6 months \$'000	Carrying amount \$'000	At call \$'000	less than 6 months \$'000
<b>Conservative Fund</b>						
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	114	-	114	111	-	111
Payables	95	-	95	36	-	36
Net assets attributable to unitholders - liability	-	-	-	13,779	13,779	-
<b>Total</b>	<b>209</b>	<b>-</b>	<b>209</b>	<b>13,926</b>	<b>13,779</b>	<b>147</b>

## 16 Financial risk management (continued)

### (c) Liquidity risk (continued)

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
	Carrying amount	At call	less than 6 months	Carrying amount	At call	less than 6 months
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Diversified Fund</b>						
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	360	-	360	518	-	518
Payables	66	-	66	61	-	61
Net assets attributable to unitholders - liability	-	-	-	41,937	41,937	-
<b>Total</b>	<b>426</b>	<b>-</b>	<b>426</b>	<b>42,516</b>	<b>41,937</b>	<b>579</b>

	30 June 2018			30 June 2017		
	Contractual cash flows			Contractual cash flows		
	Carrying amount	At call	less than 6 months	Carrying amount	At call	less than 6 months
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Growth Fund</b>						
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	415	-	415	660	-	660
Payables for securities purchased	200	-	200	-	-	-
Payables	74	-	74	47	-	47
Net assets attributable to unitholders - liability	-	-	-	45,636	45,636	-
<b>Total</b>	<b>689</b>	<b>-</b>	<b>689</b>	<b>46,343</b>	<b>45,636</b>	<b>707</b>

## 16 Financial risk management (continued)

### (c) Liquidity risk (continued)

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

Geared High Growth Fund	30 June 2018			30 June 2017		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
	\$'000	At call	less than 6 months	\$'000	At call	less than 6 months
		\$'000	\$'000		\$'000	\$'000
<b>Non-derivative financial liabilities</b>						
Distributions payable to unitholders of the Scheme	293	-	293	342	-	342
Payables	45	-	45	44	-	44
Bank loans	3,912	-	3,912	3,973	-	3,973
Interest payable	1	-	1	-	-	-
Net assets attributable to unitholders - liability	-	-	-	7,311	7,311	-
<b>Total</b>	<b>4,251</b>	<b>-</b>	<b>4,251</b>	<b>11,670</b>	<b>7,311</b>	<b>4,359</b>

### (d) Fair value measurement

The Schemes classify fair value measurement of their financial assets and liabilities using a fair value hierarchy model that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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).

## 16 Financial risk management (continued)

### (d) Fair value measurement (continued)

#### *(i) 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. For the majority of exchange traded financial assets and liabilities, information provided by the independent pricing services is relied upon for valuation.

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. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Listed securities and exchange traded derivatives are valued at the last traded price. Investments in unlisted unit trusts that are considered actively traded are recorded at the redemption value per unit as reported by the investment managers of such trusts.

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

The fair value of financial assets and liabilities that are not traded in an active market is determined 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.

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.

Some of the inputs to a valuation model may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

The Australian Share Fund held investments in a single listed entity that were classified as level 3. The listed entity entered into voluntary administration and its valuation was estimated by the investment manager based on the possible realisation value of its assets. The Real Estate Fund held investments in an unlisted unit trust that were classified as level 3. The unlisted unit trust has significant exposure to properties whose valuations may use significant unobservable inputs. The Scheme obtained the unit prices which approximate fair value from the relevant investment manager without any adjustments and did not calculate any unobservable inputs itself.

No other Schemes held financial instruments with fair value measurement using significant unobservable inputs (level 3) at 30 June 2018 and 30 June 2017.

## 16 Financial risk management (continued)

### (d) Fair value measurement (continued)

The following tables present the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

#### Australian Share Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held for trading:								
Futures	46	-	-	46	-	-	-	-
Foreign exchange forward contracts	-	103	-	103	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equities	1,187,907	832	523	1,189,262	1,065,387	2,976	86	1,068,449
Debt securities	38,243	-	-	38,243	41,274	-	-	41,274
Unlisted unit trusts	25,926	-	-	25,926	22,741	-	-	22,741
<b>Total</b>	<b>1,252,122</b>	<b>935</b>	<b>523</b>	<b>1,253,580</b>	<b>1,129,402</b>	<b>2,976</b>	<b>86</b>	<b>1,132,464</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading:								
Futures	-	-	-	-	9	-	-	9
Options	3,596	-	-	3,596	2,369	-	-	2,369
Foreign exchange forward contracts	-	11	-	11	-	96	-	96
<b>Total</b>	<b>3,596</b>	<b>11</b>	<b>-</b>	<b>3,607</b>	<b>2,378</b>	<b>96</b>	<b>-</b>	<b>2,474</b>

#### Fixed Income Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	8,000	919,666	-	927,666	-	691,394	-	691,394
<b>Total</b>	<b>8,000</b>	<b>919,666</b>	<b>-</b>	<b>927,666</b>	<b>-</b>	<b>691,394</b>	<b>-</b>	<b>691,394</b>

## 16 Financial risk management (continued)

### (d) Fair value measurement (continued)

The following tables present the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

#### International Share Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Equities	1,367,108	-	-	1,367,108	1,118,054	-	-	1,118,054
Unlisted unit trusts	47,484	-	-	47,484	73,154	-	-	73,154
<b>Total</b>	<b>1,414,592</b>	<b>-</b>	<b>-</b>	<b>1,414,592</b>	<b>1,191,208</b>	<b>-</b>	<b>-</b>	<b>1,191,208</b>

#### Real Estate Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Equities	595,735	-	15	595,750	524,211	-	495	524,706
Unlisted unit trusts	-	6,088	1,130	7,218	-	4,780	1,300	6,080
<b>Total</b>	<b>595,735</b>	<b>6,088</b>	<b>1,145</b>	<b>602,968</b>	<b>524,211</b>	<b>4,780</b>	<b>1,795</b>	<b>530,786</b>

## 16 Financial risk management (continued)

### (d) Fair value measurement (continued)

The following tables present the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

#### Geared Australian Share Fund<sup>1</sup>

	30 June 2018				30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	8,047,609	-	-	8,047,609	8,325,710	-	-	8,325,710
<b>Total</b>	<b>8,047,609</b>	<b>-</b>	<b>-</b>	<b>8,047,609</b>	<b>8,325,710</b>	<b>-</b>	<b>-</b>	<b>8,325,710</b>

#### Balanced Fund

	30 June 2018				30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	119,526	75,090	-	194,616	118,171	69,532	-	187,703
<b>Total</b>	<b>119,526</b>	<b>75,090</b>	<b>-</b>	<b>194,616</b>	<b>118,171</b>	<b>69,532</b>	<b>-</b>	<b>187,703</b>

#### Conservative Fund

	30 June 2018				30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	4,467	7,379	-	11,846	6,208	6,345	-	12,553
<b>Total</b>	<b>4,467</b>	<b>7,379</b>	<b>-</b>	<b>11,846</b>	<b>6,208</b>	<b>6,345</b>	<b>-</b>	<b>12,553</b>

<sup>1</sup> Stated to the nearest whole dollar as the Scheme does not meet the criteria set out in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## 16 Financial risk management (continued)

### (d) Fair value measurement (continued)

The following tables present the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

#### Diversified Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	16,610	22,579	-	39,189	20,878	16,258	-	37,136
<b>Total</b>	<b>16,610</b>	<b>22,579</b>	<b>-</b>	<b>39,189</b>	<b>20,878</b>	<b>16,258</b>	<b>-</b>	<b>37,136</b>

#### Growth Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	33,611	11,963	-	45,574	33,812	10,305	-	44,117
<b>Total</b>	<b>33,611</b>	<b>11,963</b>	<b>-</b>	<b>45,574</b>	<b>33,812</b>	<b>10,305</b>	<b>-</b>	<b>44,117</b>

#### Geared High Growth Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	9,522	1,674	-	11,196	9,752	1,677	-	11,429
<b>Total</b>	<b>9,522</b>	<b>1,674</b>	<b>-</b>	<b>11,196</b>	<b>9,752</b>	<b>1,677</b>	<b>-</b>	<b>11,429</b>

## 16 Financial risk management (continued)

### (d) Fair value measurement (continued)

#### Transfers between levels

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

The following tables present the transfers between fair value hierarchy levels, by class of financial instruments, for the years ended 30 June 2018 and 30 June 2017:

#### Australian Share Fund

	30 June 2018			30 June 2017		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 1 and 3: Equities	(2,075)	-	2,075	-	-	-

The transfer from level 1 to level 3 was related to a single listed equity which has gone into voluntary administration on 26 February 2018. The entire value of the listed equity \$2,074,909 was subsequently written down to \$522,547 and recognised in profit or loss at the reporting date.

#### Real Estate Fund

	30 June 2018			30 June 2017		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 1 and 3: Equities	(4,766)	-	4,766	-	-	-

The transfer from level 1 to level 3 was related to a single listed equity that was delisted from ASX on 10 October 2017 due to acquisition by a private company.

Apart from the above transfers between levels, there were no other transfers for the years ended 30 June 2018 and 30 June 2017.

## 16 Financial risk management (continued)

### (d) Fair value measurement (continued)

*Fair value measurements using significant unobservable inputs (level 3)*

The following tables present the movement in level 3 instruments, by class of financial instruments, for the years ended 30 June 2018 and 30 June 2017:

<b>Australian Share Fund</b>	<b>30 June 2018</b>		30 June 2017	
	<b>Equities</b>	<b>Total</b>	Equities	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance	86	86	-	-
Purchases	405	405	-	-
Sales	(169)	(169)	-	-
Transfers into level 3	2,075	2,075	-	-
Gains/(losses) recognised in profit or loss	(1,874)	(1,874)	86	86
<b>Closing balance</b>	<b>523</b>	<b>523</b>	86	86
Total unrealised gains/(losses) for the year included in the statement of comprehensive income for financial assets and liabilities held at the end of the year	<b>(1,895)</b>	<b>(1,895)</b>	86	86

<b>Real Estate Fund</b>	<b>30 June 2018</b>			30 June 2017		
	<b>Equities</b>	<b>Unlisted</b>	<b>Total</b>	Equities	Unlisted	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	495	1,300	1,795	-	2,221	2,221
Sales	(1,937)	(137)	(2,074)	-	(145)	(145)
Transfers into level 3	4,766	-	4,766	-	-	-
Gains/(losses) recognised in profit or loss	(3,309)	(33)	(3,342)	495	(776)	(281)
<b>Closing balance</b>	<b>15</b>	<b>1,130</b>	<b>1,145</b>	495	1,300	1,795
Total unrealised gains/(losses) for the year included in the statement of comprehensive income for financial assets and liabilities held at the end of the year	<b>(4,111)</b>	<b>(33)</b>	<b>(4,144)</b>	495	(776)	(281)

## 17 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheets 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 sheets are disclosed in the first three columns of the table below.

Apart from the Scheme mentioned in this note, no other Schemes held financial assets or liabilities subject to offsetting arrangements at the reporting date.

	30 June 2018					30 June 2017				
	Effects of offsetting on the balance sheet			Related amounts not offset		Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts \$'000	Gross amounts set off in the balance sheet \$'000	Net amounts presented in the balance sheet \$'000	Amounts subject to master netting arrangements \$'000	Net amounts \$'000	Gross amounts \$'000	Gross amounts set off in the balance sheet \$'000	Net amounts presented in the balance sheet \$'000	Amounts subject to master netting arrangements \$'000	Net amounts \$'000
<b>Australian Share Fund</b>										
<b>Financial assets</b>										
Margin accounts	72	-	72	-	72	108	-	108	(9)	99
Derivative financial instruments	149	-	149	-	149	-	-	-	-	-
<b>Total</b>	<b>221</b>	<b>-</b>	<b>221</b>	<b>-</b>	<b>221</b>	<b>108</b>	<b>-</b>	<b>108</b>	<b>(9)</b>	<b>99</b>
<b>Financial liabilities</b>										
Derivative financial instruments	(3,607)	-	(3,607)	-	(3,607)	(2,474)	-	(2,474)	9	(2,465)
<b>Total</b>	<b>(3,607)</b>	<b>-</b>	<b>(3,607)</b>	<b>-</b>	<b>(3,607)</b>	<b>(2,474)</b>	<b>-</b>	<b>(2,474)</b>	<b>9</b>	<b>(2,465)</b>

### Master netting arrangement - not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreements. 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 Scheme does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheets, but have been presented separately in this note.

## **18 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 currency exchange rates, index of prices or rates, credit rating or credit index or other variables.

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 foreign exchange forward 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 Schemes' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Schemes 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 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 would occur if the level of exposure to the markets exceeds the underlying value of the Schemes.

The Schemes held the following derivative financial instruments 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. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

### **(b) Options**

An option is a contractual arrangement 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 securities price risk.

### **(c) Foreign exchange forward contracts**

Foreign exchange forward contracts are primarily used by the Schemes to hedge against currency risks on their non-Australian dollar denominated trading securities. The Schemes agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Foreign exchange forward contracts are valued at the prevailing bid price at the end of each reporting period. The Schemes recognise a gain or loss equal to the change in fair value at the end of each reporting period.

## **18 Derivative financial instruments (continued)**

### **Risk exposures and fair value measurements**

Information about the Schemes' exposure to financial risks and the methods and assumptions used in determining fair values is provided in note 16. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the derivative financial instruments.

## **19 Events occurring after the reporting period**

No significant events have occurred since the reporting date which would have impact on the financial position of the Schemes disclosed in the balance sheets as at 30 June 2018 or on the results and cash flows of the Schemes for the year ended on that date.

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

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2018 or 30 June 2017.

## Directors' declaration

Perpetual Investment Management Limited presents the Directors' declaration in respect of the following Schemes:

Perpetual Private Australian Share Fund  
Perpetual Private Fixed Income Fund  
Perpetual Private International Share Fund  
Perpetual Private Real Estate Fund  
Perpetual Private Geared Australian Share Fund  
Perpetual Private Balanced Fund  
Perpetual Private Conservative Fund  
Perpetual Private Diversified Fund  
Perpetual Private Growth Fund  
Perpetual Private Geared High Growth Fund

In the opinion of the directors of Perpetual Investment Management Limited, the Responsible Entity of the Schemes:

- (a) the annual financial statements and notes, set out on pages 8 to 75, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Schemes' financial position as at 30 June 2018 and of their performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Schemes will be able to pay their 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 and Interpretations issued by the International Accounting Standards Board.

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



Director

Sydney  
19 September 2018



## Independent Auditor's Report

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To the respective unitholders of the following Schemes:

Perpetual Private Australian Share Fund;

Perpetual Private Fixed Income Fund;

Perpetual Private International Share Fund;

Perpetual Private Real Estate Fund;

Perpetual Private Geared Australian Share Fund;

Perpetual Private Balanced Fund;

Perpetual Private Conservative Fund;

Perpetual Private Diversified Fund;

Perpetual Private Growth Fund; and

Perpetual Private Geared High Growth Fund

For the purpose of this report, the term Scheme and Schemes denote the individual and distinct entity for which the financial information is prepared and upon which our audit is performed. Each is to be read as a singular subject matter.

### Opinions

We have audited the **Financial Reports** of the Schemes.

In our opinion, the accompanying Financial Report of each Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the individual Schemes comprise of:

- Balance Sheets as at 30 June 2018
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.



## Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Schemes in accordance with *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* (the Code) that are relevant to our audit of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in the issuer of the respective Scheme's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. This includes the Directors' Report. The Directors of Perpetual Investment Management Limited (the Responsible Entity) are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Reports

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Reports that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal controls to enable the preparation of a Financial Reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and



- assessing the Schemes' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Schemes or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether the Financial Reports as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports 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.

KPMG

Jessica Davis

*Partner*

Sydney

19 September 2018



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