

# PERPETUAL WEALTHFOCUS INVESTMENT ADVANTAGE FUND

Annual Financial Report  
30 June 2016

ARSN 091 142 460

Perpetual Investment Management Limited  
ABN 18 000 866 535 AFSL 234426

Perpetual 

# Perpetual WealthFocus Investment Advantage Fund

ARSN 091 142 460

## Annual Financial Report - 30 June 2016

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## Directors' report

The directors of Perpetual Investment Management Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of Perpetual WealthFocus Investment Advantage Fund, present their report together with the annual financial report of Perpetual WealthFocus Investment Advantage Fund ("the Scheme") for the year ended 30 June 2016 and the auditor's report thereon.

### Responsible Entity

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

### Directors

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

G Foster (appointed 25 January 2013, Alternate for G Larkins)  
M Gordon (appointed 28 March 2013, resigned 24 February 2016)  
J Hawkins (appointed 6 July 2012)  
D Kiddie (appointed 24 February 2016)  
G Larkins (appointed 7 January 2013)  
P Lynch (appointed 6 July 2012, Alternate for J Hawkins)  
P Statham (appointed 24 February 2016, Alternate for D Kiddie)  
P Statham (appointed 9 September 2013, resigned 24 February 2016, Alternate for M Gordon)  
D Winterton (appointed 24 February 2016, Alternate for D Kiddie)  
D Winterton (appointed 20 April 2015, resigned 24 February 2016, Alternate for M Gordon)

### Principal activities

The principal activity of the Scheme is to provide a comprehensive range of highly rated investments, enabling unitholders to design an investment portfolio that suits their income and growth requirements.

The objectives and investment strategy of the Investment Options are disclosed in the Perpetual WealthFocus Investment Advantage Product Disclosure Statement.

The Scheme did not have any employees during the year.

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

### Review and results of operations

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

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

	<b>2016</b>	2015
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>480</u>	<u>203,667</u>
Distribution paid and payable (\$'000)	<u>257,185</u>	<u>435,403</u>

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

### **Interests in the Scheme**

The movement in notional units on issue in the Scheme during the year is disclosed in note 5 to the financial statements.

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

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

On 3 July 2015 the responsible entity of the van Eyk Blueprint Balanced Fund, van Eyk Blueprint Capital Stable Fund and van Eyk Blueprint High Growth Fund suspended the provision of unit prices due to the lack of certainty in the valuation of the underlying assets. The van Eyk options in the Scheme have also suspended the daily unit prices accordingly.

The fair value of these van Eyk options are based on the 2 July 2015 prices of the underlying funds. In a letter to investors dated 30 May 2016 the responsible entity of underlying funds advised that the uncertainty regarding the value of the funds remains and these prices may not provide an accurate indication of the current or future value. The responsible entity of the underlying funds noted further that if and when pricing resumes, the indicative unit price for the Funds may fall.

Effective 16 May 2016, the Perpetual Industrial Share option investment guidelines were updated. The option will continue to invest in listed shares on or proposed to be listed on any recognised Australian exchange but may have up to 10% exposure to shares listed on or proposed to be listed on any recognised global exchange. Currency hedges may be used from time to time.

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

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

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

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

On 14 September 2016 the Responsible Entity of the Scheme approved the:

- closure of the following options to new investors from 4 October 2016
- wind up of the following options for the effective date 10 February 2017

Arnhem Australian Equity Option  
BlackRock Monthly Income Option  
BlackRock Scientific Australian Equity Option  
Colonial First State Equity Income Option  
Goldman Sachs Australian Infrastructure & Property Equity Option (formerly known as Goldman Sachs Australian Infrastructure Option)  
Ibbotson Australian Shares Active Option  
Ironbark Global Property Securities Option  
Maple-Brown Abbott Australian Share Option  
OnePath Tax Effective Income Option  
Zurich Investments Global Thematic Share Option

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

### **Matters subsequent to the end of the financial year (continued)**

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

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

### **Environmental regulation**

The operations of the Scheme 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 Scheme by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its related parties out of Scheme property during the year are disclosed in note 9 to the financial statements.

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

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 9 to the financial statements.

### **Indemnification and insurance of officers and auditors**

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

### **Rounding of amounts to the nearest thousand dollars**

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

## Directors' report (continued)

### 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 6.

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



Director

Sydney  
20 September 2016



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

To: the directors of Perpetual Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 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

Michael O Connell

*Partner*

Sydney

20 September 2016

**Perpetual WealthFocus Investment Advantage Fund**  
**Statement of comprehensive income**  
**For the year ended 30 June 2016**

**Statement of comprehensive income**

	Notes	<b>30 June 2016 \$'000</b>	30 June 2015 \$'000
<b>Investment income</b>			
Dividend/distribution income		165,812	216,770
Interest income		340	467
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	(126,268)	28,906
Net foreign exchange gains/(losses)		(24)	(18)
Other operating income		759	184
<b>Total net investment income/(loss)</b>		<u>40,619</u>	<u>246,309</u>
<b>Expenses</b>			
Responsible Entity's fees	9	37,713	40,679
Other expenses		2,426	1,963
<b>Total operating expenses</b>		<u>40,139</u>	<u>42,642</u>
<b>Operating profit/(loss)</b>		<u>480</u>	<u>203,667</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	4	257,185	435,403
Interest expense		4	5
<b>Changes in net assets attributable to unitholders (total comprehensive income)</b>	5	<u>(256,709)</u>	<u>(231,741)</u>

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



**Perpetual WealthFocus Investment Advantage Fund**  
**Balance sheet**  
**As at 30 June 2016**

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**Balance sheet**

	Notes	30 June 2016 \$'000	30 June 2015 \$'000
<b>Assets</b>			
Cash and cash equivalents	12(b)	17,692	17,527
Financial assets held at fair value through profit or loss	6	2,616,572	2,776,753
Due from brokers - receivable for securities sold		9,337	6,240
Receivables	7	<u>102,287</u>	<u>158,721</u>
<b>Total assets</b>		<u>2,745,888</u>	<u>2,959,241</u>
<b>Liabilities</b>			
Distributions payable to unitholders of the Scheme	4	211,494	373,501
Due to brokers - payable for securities purchased		4,137	12,564
Payables	8	<u>7,825</u>	<u>11,680</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>223,456</u>	<u>397,745</u>
<b>Net assets attributable to unitholders - liability</b>	5	<u>2,522,432</u>	<u>2,561,496</u>

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

**Statement of changes in equity**

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

**Perpetual WealthFocus Investment Advantage Fund**  
**Cash flow statement**  
**For the year ended 30 June 2016**

**Cash flow statement**

	<b>30 June</b>	30 June
	<b>2016</b>	2015
Notes	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Dividends/distributions received	<b>218,902</b>	200,365
Interest received	<b>343</b>	477
Other income received	<b>4,086</b>	3,323
Responsible Entity's fees paid	<b>(41,028)</b>	(43,529)
Other expenses paid	<b>(2,661)</b>	(2,170)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>12(a) 179,642</b>	158,466
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	<b>1,470,211</b>	1,461,016
Payments for purchase of investments	<b>(1,447,846)</b>	(1,405,943)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>22,365</b>	55,073
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	<b>315,811</b>	1,134,539
Payments for redemptions by unitholders	<b>(490,708)</b>	(1,191,014)
Interest expense paid	<b>(4)</b>	(5)
Distributions paid	<b>(26,941)</b>	(159,013)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(201,842)</b>	(215,493)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>165</b>	(1,954)
Cash and cash equivalents at the beginning of the year	<u>17,527</u>	<u>19,481</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>12(b) 17,692</b>	17,527

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

## **1 General Information**

This annual financial report covers Perpetual WealthFocus Investment Advantage Fund ("the Scheme") as an individual entity. The Scheme is a registered managed investment scheme under the *Corporations Act 2001*. The Scheme was constituted on 16 May 1995. The Scheme will terminate on 15 May 2075 unless terminated earlier in accordance with the provisions of the Scheme's Constitution (as amended). The Scheme is domiciled in Australia.

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

The annual financial report was authorised for issue by the directors of the Responsible Entity on 20 September 2016. The directors of the Responsible Entity have the power to amend and reissue the annual financial report.

## **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 in the following text.

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

This general purpose annual financial report 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 Scheme also complies with International Financial Reporting Standards ("IFRS") and Interpretations as issued by the International Accounting Standards Board ("IASB").

#### *Functional and presentation currency*

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

#### *Use of estimates and judgement*

The preparation of the annual financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised prospectively.

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Scheme. The assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

#### **(i) AASB 9 *Financial Instruments* (and applicable amendments) (effective from 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 does not expect the adoption of AASB 9 to have a significant impact on the recognition and measurement of the Scheme's financial instruments because they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Scheme does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Scheme's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Scheme.

#### **(ii) AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)**

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers 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 Scheme's 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. As a consequence, management does not expect the adoption of the new revenue recognition rules to have a significant impact on the Scheme's accounting policies or the amounts recognised in the financial statements.

### **(c) Financial instruments**

#### **(i) *Classification***

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

- Financial instruments held for trading

Derivative financial instruments such as futures, forward contracts, options and swaps are included under this classification. The Scheme does 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 debt, equity instruments, unlisted unit trusts and commercial papers.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

## 2 Summary of significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised on the date the Scheme becomes 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, the Scheme measures financial assets and financial liabilities at fair value. Transaction costs are expensed in profit or loss as incurred. Subsequently, all financial assets and financial 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.

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 13(d) to the financial statements.

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (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 are classified as financial liabilities as the Scheme is required to distribute its distributable income, in accordance with the Scheme's Constitution.

The units can be put back to the Scheme at any time for cash based on the redemption price with the exception of van Eyk Blueprint Balanced option, van Eyk Blueprint Capital Stable option and van Eyk Blueprint High Growth option as the unit prices of these options were suspended from 3 July 2015. The units are measured at the redemption amount that is payable at the balance sheet date if unitholders exercise their right to redeem units in the Scheme.

### (e) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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, and bank overdrafts. Bank overdrafts are shown as a liability on the balance sheet.

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

### **(f) Receivables**

Receivables include accrued income, application monies receivable and Reduced Input Tax Credits ("RITC") refund. 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.

### **(g) Payables**

Payables include accrued expenses and redemption monies owing by the Scheme 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 is recognised in profit or loss for all interest bearing financial instruments using the effective interest method.

Dividend income is recognised on the ex-dividend date. Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis.

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.

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

Under current legislation, the Scheme is not subject to income tax as unitholders are presently entitled to the income of the Scheme, provided the taxable income of the Scheme is fully distributed either by way of cash or reinvestment.

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

### **(k) Distributions**

In accordance with the Scheme's Constitution, the Scheme distributes its distributable income to unitholders by cash or reinvestment. The distributions are recognised in profit or loss as finance costs attributable to unitholders.

### **(l) Changes in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in profit or loss as finance costs attributable to unitholders.

## 2 Summary of significant accounting policies (continued)

### (m) Goods and Services Tax ("GST")

The GST incurred on the cost of various services provided to the Scheme by third parties such as Responsible Entity's fees, has been passed onto the Scheme. The Scheme qualifies for RITC; hence Responsible Entity's fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

### (n) 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:

	30 June 2016 \$'000	30 June 2015 \$'000
Net unrealised gains/(losses) on financial instruments held for trading	10	(9)
Net unrealised gains/(losses) on financial instruments designated at fair value through profit or loss	(257,459)	(222,693)
Net realised gains/(losses) on financial instruments held for trading	270	106
Net realised gains/(losses) on financial instruments designated at fair value through profit or loss	<u>130,911</u>	<u>251,502</u>
<b>Net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b><u>(126,268)</u></b>	<b><u>28,906</u></b>



#### 4 Distributions to unitholders

The distributions for the year were as follows:

	<b>30 June 2016 \$'000</b>	30 June 2015 \$'000
Distributions paid - July	65	92
Distributions paid - August	64	286
Distributions paid - September	5,288	15,240
Distributions paid - October	65	116
Distributions paid - November	57	134
Distributions paid - December	34,285	30,891
Distributions paid - January	61	91
Distributions paid - February	59	81
Distributions paid - March	5,635	7,831
Distributions paid - April	54	7,058
Distributions paid - May	58	82
Distributions payable - June	<u>211,494</u>	<u>373,501</u>
<b>Total distributions</b>	<b><u>257,185</u></b>	<b><u>435,403</u></b>

#### 5 Net assets attributable to unitholders

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

	<b>30 June 2016 Notional units '000</b>	30 June 2015 Notional units '000	<b>30 June 2016 \$'000</b>	30 June 2015 \$'000
<b>Net assets attributable to unitholders</b>				
Opening balance	1,558,353	1,452,424	2,561,496	2,558,936
Applications	255,384	685,604	312,803	1,130,572
Redemptions	(344,037)	(855,563)	(487,409)	(1,191,373)
Notional units issued upon reinvestment of distributions	252,220	275,888	392,251	295,102
Changes in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>(256,709)</u>	<u>(231,741)</u>
<b>Closing balance</b>	<b><u>1,721,920</u></b>	<b><u>1,558,353</u></b>	<b><u>2,522,432</u></b>	<b><u>2,561,496</u></b>

Each unitholder receives one unit in the Scheme which is made up of notional units held in the chosen investment options. The unit confers a proportional beneficial interest in the Scheme which value is determined as the aggregate value of notional units held in the chosen investment options.

## 5 Net assets attributable to unitholders (continued)

The value of a notional unit in an investment option is calculated by establishing the net asset value of the investment option and dividing it by the number of notional units in the investment option. Each notional unit in an investment option represents a right to an individual share in the investment option and does not extend to a right to the underlying assets of the investment option. There are no separate classes of notional units in an investment option and each unit has the same right attaching to it as all other notional units of the investment option.

### *Capital risk management*

The Scheme considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and daily redemptions at the discretion of unitholders with the exception of the van Eyk Blueprint Balanced option, van Eyk Blueprint Capital Stable option and the van Eyk Blueprint High Growth option as the unit prices of these options were suspended from 3 July 2015.

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

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

	Fair value 30 June 2016 \$'000	Fair value 30 June 2015 \$'000
<b>Held for trading</b>		
Options	-	17
Foreign exchange forward contracts	<u>1</u>	<u>-</u>
	<u>1</u>	<u>17</u>
<b>Designated at fair value through profit or loss</b>		
Equities	890,998	1,015,613
Listed unit trusts	2,885	5,281
Unlisted unit trusts	<u>1,722,688</u>	<u>1,755,842</u>
	<u>2,616,571</u>	<u>2,776,736</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>2,616,572</u>	<u>2,776,753</u>

## 7 Receivables

	<b>30 June 2016 \$'000</b>	30 June 2015 \$'000
Dividends/distributions receivable	<b>98,995</b>	152,085
Interest receivable	<b>22</b>	25
Applications receivable	<b>2,774</b>	5,782
Other receivables	<b>496</b>	829
<b>Total receivables</b>	<b><u>102,287</u></b>	<u>158,721</u>

## 8 Payables

	<b>30 June 2016 \$'000</b>	30 June 2015 \$'000
Responsible Entity's fees payable	<b>3,255</b>	3,810
Other fees payable	<b>-</b>	1
Redemptions payable	<b>4,570</b>	7,869
<b>Total payables</b>	<b><u>7,825</u></b>	<u>11,680</u>

## 9 Related party transactions

### Responsible Entity

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

The Scheme does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the key management personnel.

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

### **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 are as follows:

G Foster (appointed 25 January 2013, Alternate for G Larkins)  
M Gordon (appointed 28 March 2013, resigned 24 February 2016)  
J Hawkins (appointed 6 July 2012)  
D Kiddie (appointed 24 February 2016)  
G Larkins (appointed 7 January 2013)  
P Lynch (appointed 6 July 2012, Alternate for J Hawkins)  
P Statham (appointed 24 February 2016, Alternate for D Kiddie)  
P Statham (appointed 9 September 2013, resigned 24 February 2016, Alternate for M Gordon)  
D Winterton (appointed 24 February 2016, Alternate for D Kiddie)  
D Winterton (appointed 20 April 2015, resigned 24 February 2016, Alternate for M Gordon)

#### **(b) Other key management personnel**

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, 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 Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

No key management personnel of the Responsible Entity held units in the Scheme as at 30 June 2016 (2015: nil).

### **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 Scheme to any of the key management personnel during the year.

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their related entities at any time during the reporting period.

## 9 Related party transactions (continued)

### Responsible Entity's fees and other transactions

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable/receivable at year end between the Scheme and the Responsible Entity were as follows:

	30 June 2016 \$	30 June 2015 \$
Responsible Entity's fees paid and payable directly by the Scheme	37,713,454	40,679,238
Responsible Entity's fee rebate received and receivable directly by the Scheme	15,266	13,556
Fees payable to the Responsible Entity as at reporting date (included in payables)	3,254,609	3,810,411

The Responsible Entity's fees are calculated in accordance with the Scheme's Constitution (as amended). The Responsible Entity's fees comprise of the management fee and expense recoveries, which are calculated as a percentage of the net asset values of the investment options (except for Perpetual Geared Australian option and Perpetual SHARE-PLUS Long-Short option which Responsible Entity's fees are calculated as a percentage of gross asset values).

Investment Option	Responsible Entity's fees	
	Management Fees %	Expense Recoveries %
Perpetual Australian Share	1.95	0.03
Perpetual Balanced Growth	1.95	0.03
Perpetual Cash	1.05	0.03
Perpetual Concentrated Equity	1.95	0.03
Perpetual Conservative Growth	1.75	0.03
Perpetual Diversified Growth	1.85	0.03
Perpetual Diversified Income	1.65	0.03
Perpetual Diversified Real Return	1.85	0.03
Perpetual Dynamic Fixed Income	1.65	0.03
Perpetual Ethical SRI	2.25	0.03
Perpetual Geared Australian	1.95	0.03
Perpetual Global Share	2.02	0.03
Perpetual Industrial Share	1.95	0.03
Perpetual SHARE-PLUS Long-Short	1.95	0.03
Perpetual Smaller Companies	1.95	0.03
Perpetual Split Growth	2.10	0.03
Aberdeen Actively Hedged International Equities	2.15	0.03
AMP Capital Global Equity Value	2.15	0.03
AMP Capital Global Property Securities	2.05	0.03
Arnhem Australian Equity	1.95	0.03
Aspect Diversified Futures	2.62	0.03
Ausbil Australian Active Equity	1.95	0.03
Ausbil Australian Emerging Leaders	2.10	0.03
Bentham Global Income	1.65	0.03
BlackRock Balanced	1.85	0.03
BlackRock Global Small Cap	2.20	0.03
BlackRock Monthly Income	1.65	0.03
BlackRock Scientific Australian Equity	1.95	0.03
BlackRock Scientific Diversified Growth	1.95	0.03
BlackRock Scientific Diversified Stable	1.75	0.03

## 9 Related party transactions (continued)

Investment Option	Responsible Entity's fees	
	Management Fees	Expense Recoveries
	%	%
BT Australian Share	1.95	0.03
BT International Share	2.15	0.03
BT Property Securities	1.85	0.03
Colonial First State Equity Income	2.22	0.03
Fidelity Australian Equities	1.95	0.03
Goldman Sachs Australian Infrastructure & Property Equity (formerly known as Goldman Sachs Australian Infrastructure)	2.05	0.03
Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged)	2.12	0.03
Ibbotson Australian Shares Active	1.95	0.03
Ibbotson Balanced Growth	1.85	0.03
Ibbotson Conservative Growth	1.75	0.03
Ibbotson Growth (closed to new unitholders)	1.95	0.03
Investors Mutual Australian Share	2.15	0.03
Investors Mutual Future Leaders	2.15	0.03
Ironbark Global Property Securities	2.10	0.03
Lazard Global Listed Infrastructure	2.15	0.03
Macquarie Income Opportunities	1.40	0.03
Magellan Global	2.35	0.03
Maple-Brown Abbott Australian Share	1.95	0.03
MFS Global Equity	2.00	0.03
OnePath Diversified Fixed Interest	1.60	0.03
OnePath Tax Effective Income	2.00	0.03
Perennial Value Shares	1.95	0.03
Platinum Asia	2.75	0.03
Platinum International	2.75	0.03
Schroder Australian Equity	1.95	0.03
Schroder Balanced	1.95	0.03
Schroder Fixed Income	1.40	0.03
Solaris Core Australian Equity	1.95	0.03
T. Rowe Price Global Equity	2.15	0.03
UBS Defensive Investment	1.75	0.03
van Eyk Blueprint - Balanced (closed)	1.28	-
van Eyk Blueprint - Capital Stable (closed)	1.34	-
van Eyk Blueprint - High Growth (closed)	1.28	-
Vanguard Australian Fixed Interest Index	1.30	0.03
Vanguard Australian Property Securities Index	1.45	0.03
Vanguard Australian Shares Index	1.40	0.03
Vanguard International Shares Index (Hedged)	1.58	0.03
Walter Scott Global Equity (Hedged)	2.20	0.03
Zurich Investments Global Thematic Share	2.10	0.03

## 9 Related party transactions (continued)

### Related party unitholdings

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

30 June 2016

Company	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Perpetual Limited	80	-	-	-	1
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- Perpetual Australian Share Pension Option	18,968	1.1	4,898	2,666	4,700
- Perpetual Australian Share Super Option	48,437	2.8	12,761	9,405	12,019
- Perpetual Concentrated Equity Pension Option	7,293	0.4	1,903	1,501	870
- Perpetual Concentrated Equity Super Option	13,742	0.8	4,318	2,980	1,636
- Perpetual Diversified Fixed Income Pension Option	15	-	30	770	-
- Perpetual Diversified Fixed Income Super Option	40	-	37	18	-
- Perpetual Diversified Real Return Pension Option	43	-	43	-	1
- Perpetual Diversified Real Return Super Option	603	-	1,169	673	15
- Perpetual Ethical SRI Pension Option	7,801	0.5	3,552	1,171	1,028
- Perpetual Ethical SRI Super Option	19,030	1.1	8,345	2,949	2,515
- Perpetual Geared Australian Pension Option	7,832	0.5	5,939	1,774	390
- Perpetual Geared Australian Super Option	73,895	4.3	56,672	19,606	3,678
- Perpetual Industrial Share Pension Option	35,682	2.1	9,662	4,990	9,627
- Perpetual Industrial Share Super Option	113,609	6.6	28,094	17,190	30,696
- Perpetual SHARE-PLUS Long-Short Pension Option	4,168	0.2	1,658	1,305	291
- Perpetual SHARE-PLUS Long-Short Super Option	14,752	0.9	10,784	8,262	1,035

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

**30 June 2016**

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- Perpetual Smaller Companies Share Pension Option	11,175	0.6	2,593	1,595	2,804
- Perpetual Smaller Companies Share Super Option	53,342	3.1	9,523	6,880	13,467
- Perpetual Split Growth Pension Option	843	-	338	276	116
- Perpetual Split Growth Super Option	8,566	0.5	3,115	2,041	1,184
- Aberdeen Actively Hedged International Equities Pension Option	741	-	98	175	75
- Aberdeen Actively Hedged International Equities Super Option	4,643	0.3	726	934	471
- AMP Capital Global Equity Value Pension Option	559	-	70	197	86
- AMP Capital Global Equity Value Super Option	3,746	0.2	837	798	579
- AMP Capital Global Property Securities Pension Option	614	-	183	139	61
- AMP Capital Global Property Securities Super Option	1,452	0.1	570	513	145
- Arnhem Australian Equity Pension Option	406	-	76	299	42
- Arnhem Australian Equity Super Option	1,397	0.1	237	242	143
- Aspect Diversified Futures Pension Option	1,372	0.1	983	199	134
- Aspect Diversified Futures Super Option	2,807	0.2	1,796	754	275
- Ausbil Australian Active Equity Pension Option	2,408	0.1	510	525	298
- Ausbil Australian Active Equity Super Option	7,529	0.4	1,211	1,668	929



## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

**30 June 2016**

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- Ausbil Australian Emerging Leaders Pension Option	743	-	165	245	109
- Ausbil Australian Emerging Leaders Super Option	2,190	0.1	371	361	313
- Bentham Global Income Pension Option	2,520	0.1	992	1,008	128
- Bentham Global Income Super Option	3,806	0.2	1,358	1,401	184
- BlackRock Balanced Pension Option	11,228	0.7	3,426	3,952	442
- BlackRock Balanced Super Option	19,538	1.1	4,682	5,790	768
- BlackRock Global Small Cap Pension Option	919	0.1	938	598	268
- BlackRock Global Small Cap Super Option	3,540	0.2	2,151	1,004	1,033
- BlackRock Monthly Income Pension Option	701	-	168	211	64
- BlackRock Monthly Income Super Option	637	-	191	440	62
- BlackRock Scientific Australian Equity Pension Option	1,154	0.1	118	159	73
- BlackRock Scientific Australian Equity Super Option	2,442	0.1	335	333	153
- BlackRock Scientific Diversified Growth Pension Option	4,444	0.3	579	1,094	280
- BlackRock Scientific Diversified Growth Super Option	10,234	0.6	1,255	1,533	643
- BlackRock Scientific Diversified Stable Pension Option	2,418	0.1	260	489	103
- BlackRock Scientific Diversified Stable Super Option	1,825	0.1	174	686	79
- BT Australian Share Pension Option	1,655	0.1	443	360	159
- BT Australian Share Super Option	5,080	0.3	1,085	682	485

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

**30 June 2016**

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- BT International Share Pension Option	701	-	94	103	65
- BT International Share Super Option	1,649	0.1	863	282	151
- BT Property Securities Pension Option	3,300	0.2	811	668	283
- BT Property Securities Super Option	7,209	0.4	1,724	1,472	616
- Colonial First State Equity Income Share Pension Option	373	-	235	103	13
- Colonial First State Equity Income Share Super Option	414	-	102	164	20
- Fidelity Australian Equities Pension Option	5,008	0.3	1,155	1,229	451
- Fidelity Australian Equities Super Option	9,712	0.6	1,744	1,936	874
- Goldman Sachs Australian Infrastructure & Property Equity Pension Option (formerly known as Goldman Sachs Australian Infrastructure Pension Option)	702	-	228	274	83
- Goldman Sachs Australian Infrastructure & Property Equity Super Option (formerly known as Goldman Sachs Australian Infrastructure Super Option)	959	0.1	296	249	111
- Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Pension Option	439	-	159	128	38
- Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Super Option	1,455	0.1	628	187	125
- Ibbotson Australian Shares Active Pension Option	1,111	0.1	121	229	82
- Ibbotson Australian Shares Active Super Option	1,211	0.1	147	197	89
- Ibbotson Balanced Growth Pension Option	3,598	0.2	230	549	191
- Ibbotson Balanced Growth Super Option	6,905	0.4	642	1,073	367

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

**30 June 2016**

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- Ibbotson Conservative Growth Pension Option	2,097	0.1	408	345	61
- Ibbotson Conservative Growth Super Option	1,571	0.1	125	426	46
- Ibbotson Growth Pension Option	1,135	0.1	83	141	94
- Ibbotson Growth Super Option	7,625	0.4	777	1,448	628
- Investors Mutual Australian Share Pension Option	8,106	0.5	1,763	1,283	469
- Investors Mutual Australian Share Super Option	7,297	0.4	1,198	1,113	425
- Investors Mutual Future Leaders Pension Option	1,418	0.1	1,048	68	212
- Investors Mutual Future Leaders Super Option	1,681	0.1	1,025	650	263
- Ironbark Global Property Securities Pension Option	426	-	72	143	56
- Ironbark Global Property Securities Super Option	1,141	0.1	248	327	151
- Lazard Global Listed Infrastructure Pension Option	3,647	0.2	2,131	675	754
- Lazard Global Listed Infrastructure Super Option	6,708	0.4	3,145	1,394	1,391
- Macquarie Income Opportunities Pension Option	10,266	0.6	2,951	2,785	210
- Macquarie Income Opportunities Super Option	6,780	0.4	1,701	2,979	144

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2016

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- Magellan Global Pension Option	7,123	0.4	3,816	782	615
- Magellan Global Super Option	7,389	0.4	4,756	1,615	638
- Maple-Brown Abbott Australian Share Pension Option	651	-	186	172	67
- Maple-Brown Abbott Australian Share Super Option	1,763	0.1	356	235	179
- MFS Global Equity Pension Option	5,819	0.3	1,878	963	1,363
- MFS Global Equity Super Option	10,377	0.6	3,301	1,960	2,431
- OnePath Diversified Fixed Interest Pension Option	4,783	0.3	1,584	1,581	272
- OnePath Diversified Fixed Interest Super Option	6,731	0.4	1,581	1,336	381
- OnePath Tax Effective Income Pension Option	1,312	0.1	217	293	93
- OnePath Tax Effective Income Super Option	2,294	0.1	329	462	167
- Perennial Value Shares Pension Option	2,789	0.2	419	447	225
- Perennial Value Shares Super Option	2,482	0.1	495	645	201
- Platinum Asia Pension Option	1,352	0.1	550	521	212
- Platinum Asia Super Option	6,108	0.4	2,115	2,291	958
- Platinum International Pension Option	15,817	0.9	3,939	2,687	1,890
- Platinum International Super Option	25,012	1.5	5,140	4,877	2,989
- Schroder Australian Equity Pension Option	4,866	0.3	1,368	1,023	364
- Schroder Australian Equity Super Option	6,271	0.4	1,290	1,435	472

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2016

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- Schroder Balanced Pension Option	30,280	1.8	6,144	8,512	2,713
- Schroder Balanced Super Option	14,202	0.8	3,982	5,008	1,271
- Schroder Fixed Income Pension Option	8,938	0.5	2,323	2,219	297
- Schroder Fixed Income Super Option	7,268	0.4	2,091	1,520	233
- Solaris Core Australian Equity Pension Option	1,453	0.1	532	579	216
- Solaris Core Australian Equity Super Option	4,570	0.3	923	1,006	677
- T. Rowe Price Global Equity Pension Option	1,821	0.1	705	730	326
- T. Rowe Price Global Equity Super Option	5,189	0.3	1,514	1,147	928
- UBS Defensive Investment Pension Option	2,556	0.1	654	323	67
- UBS Defensive Investment Super Option	1,917	0.1	345	611	55
- van Eyk Blueprint - Balanced Pension Option	645	-	-	-	-
- van Eyk Blueprint - Balanced Super Option	1,019	0.1	-	-	-
- van Eyk Blueprint - Capital Stable Pension Option	519	-	-	-	-
- van Eyk Blueprint - Capital Stable Super Option	565	-	-	-	-
- van Eyk Blueprint - High Growth Pension Option	63	-	-	-	-
- van Eyk Blueprint - High Growth Super Option	650	-	-	-	-

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

**30 June 2016**

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
<b>Superannuation funds</b>					
Perpetual WealthFocus Superannuation Fund					
- Vanguard Australian Fixed Interest Index Pension Option	6,847	0.4	2,048	1,950	260
- Vanguard Australian Fixed Interest Index Super Option	9,259	0.5	2,993	2,178	341
- Vanguard Australian Property Securities Index Pension Option	9,563	0.6	1,942	1,951	805
- Vanguard Australian Property Securities Index Super Option	22,927	1.3	3,835	4,299	1,932
- Vanguard Australian Shares Index Pension Option	1,743	0.1	807	201	97
- Vanguard Australian Shares Index Super Option	2,969	0.2	1,106	724	178
- Vanguard International Share Index (Hedged) Pension Option	1,694	0.1	584	304	373
- Vanguard International Share Index (Hedged) Super Option	4,659	0.3	1,035	811	1,026
- Walter Scott Global Equity (Hedged) Pension Option	2,664	0.2	595	542	649
- Walter Scott Global Equity (Hedged) Super Option	1,646	0.1	483	357	401
- Zurich Investments Global Thematic Share Pension Option	1,681	0.1	470	338	633
- Zurich Investments Global Thematic Share Super Option	1,700	0.1	455	671	640

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

Company	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Perpetual Limited	80	-	80	852	3
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- Perpetual Australian Share Pension Option	16,736	1.1	6,051	2,945	7,964
- Perpetual Australian Share Super Option	45,081	2.9	12,700	10,105	21,581
- Perpetual Concentrated Equity Pension Option	6,891	0.4	2,650	1,907	1,513
- Perpetual Concentrated Equity Super Option	12,404	0.8	4,127	3,238	2,717
- Perpetual Diversified Fixed Income Pension Option	755	-	1,514	759	14
- Perpetual Diversified Fixed Income Super Option	21	-	21	-	-
- Perpetual Diversified Real Return Super Option	107	-	274	167	6
- Perpetual Ethical SRI Pension Option	5,420	0.3	2,517	1,219	1,739
- Perpetual Ethical SRI Super Option	13,634	0.9	6,060	4,484	4,390
- Perpetual Geared Australian Pension Option	3,667	0.2	1,984	1,409	3,320
- Perpetual Geared Australian Super Option	36,829	2.4	14,791	9,835	33,274
- Perpetual Global Resources Pension Option	-	-	1	174	14
- Perpetual Global Resources Super Option	-	-	7	1,223	99
- Perpetual Industrial Share Pension Option	31,010	2.0	14,062	6,612	14,229
- Perpetual Industrial Share Super Option	102,705	6.6	33,636	19,697	47,469
- Perpetual SHARE-PLUS Long-Short Pension Option	3,815	0.2	2,493	1,043	870
- Perpetual SHARE-PLUS Long-Short Super Option	12,230	0.8	11,034	6,732	2,796

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- Perpetual Smaller Companies Share Pension Option	10,177	0.7	3,816	1,647	2,951
- Perpetual Smaller Companies Share Super Option	50,699	3.3	16,115	11,549	14,784
- Perpetual Split Growth Pension Option	781	0.1	568	191	122
- Perpetual Split Growth Super Option	7,492	0.5	2,514	1,313	1,172
- Aberdeen Actively Hedged International Equities Pension Option	818	0.1	232	399	77
- Aberdeen Actively Hedged International Equities Super Option	4,851	0.3	786	1,041	459
- Alphinity Australian Share Pension Option	-	-	135	383	108
- Alphinity Australian Share Super Option	-	-	235	596	193
- AMP Capital Global Equity Value Pension Option	686	-	254	315	87
- AMP Capital Global Equity Value Super Option	3,707	0.2	785	1,011	469
- AMP Capital Global Property Securities Pension Option	570	-	292	445	97
- AMP Capital Global Property Securities Super Option	1,395	0.1	1,171	844	237
- AMP Capital Sustainable Share Pension Option	-	-	84	234	65
- AMP Capital Sustainable Share Super Option	-	-	139	398	127
- Arnhem Australian Equity Pension Option	629	-	96	85	81
- Arnhem Australian Equity Super Option	1,402	0.1	270	600	181
- Aspect Diversified Futures Pension Option	588	-	1,236	1,144	89
- Aspect Diversified Futures Super Option	1,765	0.1	1,080	191	267
- Ausbil Australian Active Equity Pension Option	2,423	0.2	548	907	258
- Ausbil Australian Active Equity Super Option	7,986	0.5	1,644	1,589	822



## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- Ausbil Australian Emerging Leaders Pension Option	823	0.1	240	304	57
- Ausbil Australian Emerging Leaders Super Option	2,180	0.1	375	445	150
- Bentham Global Income Pension Option	2,536	0.2	1,493	845	216
- Bentham Global Income Super Option	3,849	0.2	2,759	1,867	357
- BlackRock Balanced Pension Option	11,754	0.8	3,223	4,161	1,334
- BlackRock Balanced Super Option	20,646	1.3	5,319	6,153	2,340
- BlackRock Global Small Cap Pension Option	579	-	340	143	260
- BlackRock Global Small Cap Super Option	2,393	0.2	1,468	804	1,074
- BlackRock Monthly Income Pension Option	744	-	477	412	108
- BlackRock Monthly Income Super Option	886	0.1	428	366	121
- BlackRock Scientific Australian Equity Pension Option	1,195	0.1	244	331	115
- BlackRock Scientific Australian Equity Super Option	2,440	0.2	389	294	229
- BlackRock Scientific Diversified Growth Pension Option	4,959	0.3	668	852	297
- BlackRock Scientific Diversified Growth Super Option	10,512	0.7	1,869	2,816	628
- BlackRock Scientific Diversified Stable Pension Option	2,647	0.2	490	932	84
- BlackRock Scientific Diversified Stable Super Option	2,337	0.2	447	459	72
- BT Australian Share Pension Option	1,572	0.1	231	394	217
- BT Australian Share Super Option	4,677	0.3	1,085	848	637

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- BT International Share Pension Option	710	-	298	61	92
- BT International Share Super Option	1,068	0.1	728	257	139
- BT Property Securities Pension Option	3,157	0.2	904	990	321
- BT Property Securities Super Option	6,957	0.4	2,438	2,361	707
- Colonial First State Balanced Pension Option	-	-	630	2,426	412
- Colonial First State Balanced Super Option	-	-	1,010	3,709	631
- Colonial First State Equity Income Share Pension Option	241	-	180	86	9
- Colonial First State Equity Income Share Super Option	476	-	154	89	21
- Fidelity Australian Equities Pension Option	5,082	0.3	1,321	1,356	384
- Fidelity Australian Equities Super Option	9,904	0.6	2,239	2,245	754
- Goldman Sachs Australian Infrastructure & Property Equity Pension Option (formerly known as Goldman Sachs Australian Infrastructure Pension Option)	748	-	401	153	57
- Goldman Sachs Australian Infrastructure & Property Equity Super Option (formerly known as Goldman Sachs Australian Infrastructure Super Option)	912	0.1	541	238	69
- Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Pension Option	408	-	112	90	43
- Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Super Option	1,014	0.1	407	339	109
- Ibbotson Australian Shares Active Pension Option	1,219	0.1	173	261	139
- Ibbotson Australian Shares Active Super Option	1,261	0.1	241	305	143
- Ibbotson Balanced Growth Pension Option	3,917	0.3	204	752	147
- Ibbotson Balanced Growth Super Option	7,336	0.5	1,202	1,099	274

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- Ibbotson Conservative Growth Pension Option	2,034	0.1	271	457	70
- Ibbotson Conservative Growth Super Option	1,872	0.1	278	537	64
- Ibbotson Growth Pension Option	1,193	0.1	163	191	74
- Ibbotson Growth Super Option	8,296	0.5	1,083	1,662	517
- Ibbotson International Shares Active (Unhedged) Pension Option	-	-	526	1,117	404
- Ibbotson International Shares Active (Unhedged) Super Option	-	-	1,196	2,346	874
- Investors Mutual Australian Share Pension Option	7,626	0.5	4,673	3,610	636
- Investors Mutual Australian Share Super Option	7,212	0.5	1,666	1,370	608
- Investors Mutual Future Leaders Pension Option	438	-	315	265	72
- Investors Mutual Future Leaders Super Option	1,306	0.1	426	489	217
- Ironbark Global GTP Global Equity Thematic Pension Option	-	-	132	230	94
- Ironbark Global GTP Global Equity Thematic Super Option	-	-	418	698	219
- Ironbark Global Property Securities Pension Option	497	-	197	201	43
- Ironbark Global Property Securities Super Option	1,220	0.1	426	262	106
- Lazard Global Listed Infrastructure Pension Option	2,191	0.1	1,562	1,009	835
- Lazard Global Listed Infrastructure Super Option	4,957	0.3	2,959	1,010	1,890
- Macquarie Income Opportunities Pension Option	10,100	0.6	3,272	2,681	218
- Macquarie Income Opportunities Super Option	8,058	0.5	2,664	2,443	176

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- Magellan Global Pension Option	4,089	0.3	2,925	1,186	572
- Magellan Global Super Option	4,248	0.3	3,626	1,929	594
- Maple-Brown Abbott Australian Share Pension Option	637	-	178	278	120
- Maple-Brown Abbott Australian Share Super Option	1,642	0.1	246	333	302
- MFS Global Equity Pension Option	4,904	0.3	2,492	1,326	895
- MFS Global Equity Super Option	9,036	0.6	4,412	1,522	1,650
- OnePath Diversified Fixed Interest Pension Option	4,780	0.3	1,336	1,359	111
- OnePath Diversified Fixed Interest Super Option	6,486	0.4	3,023	2,342	149
- OnePath Tax Effective Income Pension Option	1,388	0.1	457	222	87
- OnePath Tax Effective Income Super Option	2,427	0.2	472	613	156
- Perennial Value Shares Pension Option	2,817	0.2	1,323	1,631	371
- Perennial Value Shares Super Option	2,632	0.2	505	941	344
- Platinum Asia Pension Option	1,323	0.1	1,068	720	432
- Platinum Asia Super Option	6,284	0.4	3,700	1,578	2,050
- Platinum International Pension Option	14,565	0.9	8,440	4,711	1,899
- Platinum International Super Option	24,749	1.6	6,445	5,653	3,226
- Premium China Pension Option	-	-	88	134	22
- Premium China Super Option	-	-	469	976	317
- Schroder Australian Equity Pension Option	4,521	0.3	1,659	1,181	410
- Schroder Australian Equity Super Option	6,416	0.4	1,747	1,557	585

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- Schroder Balanced Pension Option	32,648	2.1	21,856	19,750	4,445
- Schroder Balanced Super Option	15,228	1.0	3,821	3,723	2,076
- Schroder Fixed Income Pension Option	8,834	0.6	2,763	2,904	316
- Schroder Fixed Income Super Option	6,697	0.4	2,162	2,584	242
- Schroder Global Emerging Markets Pension Option	-	-	140	348	58
- Schroder Global Emerging Markets Super Option	-	-	296	1,052	174
- Solaris Core Australian Equity Pension Option	1,500	0.1	417	651	265
- Solaris Core Australian Equity Super Option	4,653	0.3	778	971	809
- T. Rowe Price Global Equity Pension Option	1,846	0.1	537	713	457
- T. Rowe Price Global Equity Super Option	4,822	0.3	1,001	1,021	1,195
- Templeton Global Equity Pension Option	-	-	181	405	138
- Templeton Global Equity Super Option	-	-	711	1,624	546
- UBS Defensive Investment Pension Option	2,225	0.1	792	528	118
- UBS Defensive Investment Super Option	2,183	0.1	453	524	117
- van Eyk Blueprint - Balanced Pension Option	645	-	8	670	914
- van Eyk Blueprint - Balanced Super Option	1,019	0.1	22	1,067	1,446
- van Eyk Blueprint - Capital Stable Pension Option	519	-	1	235	590
- van Eyk Blueprint - Capital Stable Super Option	565	-	91	326	642
- van Eyk Blueprint - High Growth Pension Option	63	-	3	58	95
- van Eyk Blueprint - High Growth Super Option	650	-	57	612	951

## 9 Related party transactions (continued)

### Related party unitholdings (continued)

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

30 June 2015

	Number of Notional units held '000	Interest held %	Number of Notional units acquired '000	Number of Notional units disposed '000	Distributions paid/payable by the Scheme \$'000
Superannuation funds					
Perpetual WealthFocus Superannuation Fund					
- Vanguard Australian Fixed Interest Index Pension Option	6,749	0.4	1,760	1,644	199
- Vanguard Australian Fixed Interest Index Super Option	8,444	0.5	3,919	2,838	244
- Vanguard Australian Property Securities Index Pension Option	9,572	0.6	2,459	2,809	794
- Vanguard Australian Property Securities Index Super Option	23,391	1.5	5,351	5,395	1,917
- Vanguard Australian Shares Index Pension Option	1,137	0.1	644	575	97
- Vanguard Australian Shares Index Super Option	2,587	0.2	965	862	217
- Vanguard International Share Index (Hedged) Pension Option	1,414	0.1	1,053	947	135
- Vanguard International Share Index (Hedged) Super Option	4,435	0.3	1,677	1,027	422
- Walter Scott Global Equity (Hedged) Pension Option	2,611	0.2	1,607	1,624	475
- Walter Scott Global Equity (Hedged) Super Option	1,520	0.1	345	319	277
- Zurich Investments Global Thematic Share Pension Option	1,549	0.1	635	421	117
- Zurich Investments Global Thematic Share Super Option	1,916	0.1	542	470	145

## 9 Related party transactions (continued)

### Investments

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

30 June 2016

Managed Investment Schemes	Number of units held '000	Fair value of investment \$'000	Interest held %	Number of units acquired '000	Number of units disposed '000	Distributions received/receivable by the Scheme \$'000
Perpetual Balanced Growth Fund No.2	57,976	85,090	7.7	7,085	8,946	6,407
Perpetual Diversified Income Fund	7,072	6,778	0.7	2,879	2,937	216
Perpetual Institutional Cash Management Trust	70,826	70,826	5.4	403,884	414,231	1,501
Perpetual Wholesale Concentrated Equity Fund	23,805	33,345	3.6	6,172	5,447	4,336
Perpetual Wholesale Conservative Growth Fund	22,599	24,954	6.7	3,987	4,258	1,476
Perpetual Wholesale Diversified Growth Fund	6,466	7,118	6.0	1,869	1,487	429
Perpetual Wholesale Diversified Real Return Fund (formerly known as Perpetual Diversified Real Return Fund)	692	716	0.4	1,152	598	27
Perpetual Wholesale Dynamic Fixed Income Fund	95	97	0.7	97	793	3
Perpetual Wholesale Ethical SRI Fund	35,534	66,394	6.3	13,123	7,605	5,299
Perpetual Wholesale Geared Australian Fund	52,509	99,645	18.9	32,571	17,298	8,786
Perpetual Wholesale Global Share Fund (formerly known as Perpetual Global Share Fund)	40,960	47,679	33.6	2,398	3,772	79
Perpetual Wholesale SHARE-PLUS Long-Short Fund	16,144	38,693	3.5	8,947	6,841	2,454
Perpetual Wholesale Smaller Companies Fund	296,124	349,258	43.6	42,097	43,269	33,822
Perpetual Wholesale Split Growth Fund	18,810	23,015	50.4	4,211	3,291	1,600

## 9 Related party transactions (continued)

### Investments (continued)

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

30 June 2015

Managed Investment Schemes	Number of units held '000	Fair value of investment \$'000	Interest held %	Number of units acquired '000	Number of units disposed '000	Distributions received/receivable by the Scheme \$'000
Perpetual Balanced Growth Fund No.2	59,837	92,853	7.8	8,528	9,743	8,479
Perpetual Diversified Income Fund	7,130	6,860	0.8	2,938	1,693	255
Perpetual Institutional Cash Management Trust	81,173	81,173	5.7	417,768	387,247	2,026
Perpetual Resource Fund	-	-	-	16	1,998	-
Perpetual Wholesale Concentrated Equity Fund	23,080	37,268	3.9	6,725	5,514	6,523
Perpetual Wholesale Conservative Growth Fund	22,870	25,929	6.8	5,893	3,540	1,287
Perpetual Wholesale Diversified Growth Fund	6,084	6,961	5.7	1,906	1,928	506
Perpetual Wholesale Diversified Real Return Fund (formerly known as Perpetual Diversified Real Return Fund)	138	146	0.1	286	148	9
Perpetual Wholesale Dynamic Fixed Income Fund	791	799	3.1	1,545	754	15
Perpetual Wholesale Ethical SRI Fund	30,016	57,220	6.5	9,910	8,064	6,798
Perpetual Wholesale Geared Australian Fund	37,236	82,883	18.6	12,693	13,482	48,321
Perpetual Wholesale Global Share Fund (formerly known as Perpetual Global Share Fund)	42,334	52,209	33.4	2,190	5,126	724
Perpetual Wholesale SHARE-PLUS Long-Short Fund	14,038	35,863	4.7	10,137	6,358	3,521
Perpetual Wholesale Smaller Companies Fund	297,296	353,340	43.3	81,127	58,722	33,667
Perpetual Wholesale Split Growth Fund	17,890	23,816	47.5	4,110	2,905	1,730



## **10 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 Scheme considers all investments in unlisted unit trusts to be structured entities. The Scheme invests in unlisted unit trusts for the purpose of capital appreciation and earning investment income.

The unlisted unit trusts are managed in accordance with the investment strategy by the respective investment managers. The investment decisions are based on the analysis conducted by the managers. The return of the unlisted unit trusts is exposed to the variability of the performance of the investment strategies. 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 Scheme's interest to unconsolidated structured entities at 30 June 2016 was \$1,722,687,643 (2015: \$1,755,842,010). The fair value of these entities is included in financial assets held at fair value through profit or loss in the balance sheet.

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

### *Unconsolidated subsidiaries*

The Scheme has determined that it is an investment entity under the definition in AASB 10 as it meets the following criteria:

- (a) The Scheme has obtained funds for the purpose of providing unitholders with investment management services;
- (b) The Scheme's business purpose, which is communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and
- (c) The performance of investments made through the Scheme are measured and evaluated on a fair value basis.

The Scheme also meets all of the typical characteristic of an investment entity.

Consequently the Scheme applies the investment entity exception to consolidation and measures its subsidiaries at fair value through profit or loss.

## 10 Structured entities (continued)

The following table provides information in relation to unconsolidated structured entities which the Scheme controlled at the reporting date:

	Fair value		Ownership interest	
	30 June 2016 \$'000	30 June 2015 \$'000	30 June 2016 %	30 June 2015 %
<b>Unconsolidated subsidiaries</b>				
Perpetual Wholesale Split Growth Fund	<b>23,015</b>	23,816	<b>50.4</b>	47.5

During the year ended 30 June 2016, the Scheme increased its investment, and therefore it is considered an unconsolidated subsidiary. As at 30 June 2015 the Scheme did not have control of Perpetual Wholesale Split Growth Fund.

The above subsidiary is domiciled in Australia.

## 11 Auditor's remuneration

During the year the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Scheme:

	30 June 2016 \$	30 June 2015 \$
<b>Audit and audit related services</b>		
KPMG		
<b>Total remuneration for audit and audit related services</b>	<u><b>238,559</b></u>	<u>257,073</u>

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

	30 June 2016 \$'000	30 June 2015 \$'000
<b>(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Operating profit/(loss)	480	203,667
(Increase)/decrease in dividends/distributions receivable	53,090	(16,405)
(Increase)/decrease in interest receivable	3	10
(Increase)/decrease in other receivables	333	(45)
Increase/(decrease) in payables	(556)	127
Net (gains)/losses on financial instruments held at fair value through profit or loss	126,268	(28,906)
Net foreign exchange (gains)/losses	24	18
<b>Net cash inflow/(outflow) from operating activities</b>	<b>179,642</b>	<b>158,466</b>

### (b) Components of cash and cash equivalents

Cash at the end of the year as shown in the cash flow statement is reconciled to the balance sheet as follows:

Cash on hand	17,690	17,527
Future deposits	2	-
<b>Total cash and cash equivalents</b>	<b>17,692</b>	<b>17,527</b>

## 13 Financial risk management

The Scheme's investing activities are exposed to a variety of financial risks. These risks include 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 Scheme to monitor the Scheme's compliance with its governing documents and to minimise risks in its investment activities. This framework incorporates a regular assessment process to ensure procedures and controls adequately manage investment activities.

The investment activities of the Scheme are carried out by the asset managers in accordance with the investment strategy specifically tailored for the Scheme's objectives. The strategy is approved by the Board of Directors of the Responsible Entity, and must comply with any authorised investments and management restrictions specified in the Scheme's Constitution. The Scheme is permitted to use derivative products. The use of derivatives is considered to be part of the investment management process and is not managed in isolation.

This note presents information about the Scheme's exposure to each of the above risks. The Scheme uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, currency risk and price risk; and credit rating analysis for credit risk.

## 13 Financial risk management (continued)

### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices such as foreign exchange rates, interest rates, equity prices and credit spreads.

The Scheme may use derivative instruments to manage its exposure to market risk. However, the use of derivatives is limited to the investment strategy and restrictions specified in the Scheme's governing documents.

The Scheme held foreign exchange forward contracts as at 30 June 2016 (30 June 2015: the Scheme held options).

#### (i) Currency risk

A Scheme that invests in financial instruments denominated in currencies other than the Australian dollar is exposed to 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.

The Scheme may enter into derivative contracts to protect the valuation of financial assets and liabilities against variations in the exchange rates. The Scheme does not designate any derivatives as hedges, and hence these derivative financial instruments are classified at fair value through profit or loss.

The Scheme did not have significant exposure to currency risk 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 Scheme is exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Scheme to fair value interest rate risk.

The Scheme's exposure to interest rate risk is limited to its cash and cash equivalents, which earn/charge a floating rate of interest.

#### (iii) Price risk

The Scheme is exposed to market price risk predominately through its investment in equities, unlisted unit trusts and derivatives for which prices in the future are uncertain (other than arising from currency risk or interest rate risk).

The Scheme's asset managers aim to manage the impact of market price risk through the use of consistent and carefully considered investment guidelines. Risk management techniques are used in the selection of investments. Investments (including derivatives) are only purchased that meet investment criteria. Risk can be reduced by diversifying investments across several asset managers, markets, regions and different asset classes.

As at 30 June 2016, the fair value of the Scheme's investments exposed to price risk was \$2,616,571,642 (2015: \$2,776,752,757).

## 13 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Price risk (continued)

#### **Sensitivity analysis**

The sensitivity analysis estimates the sensitivity of the Scheme's operating profit and net assets attributable to unitholders to market price risk. The sensitivity rate is based on management's best estimate of a reasonably possible movement in the market price, having regard to historical correlation of the Scheme's investments with the relevant benchmark and market volatility.

An increase of 15% at the reporting date of the market prices would have increased the Scheme's operating profit and net assets attributable to unitholders by \$392,485,746 (2015: \$416,512,913). This analysis assumes that all other variables remain constant.

A decrease of 15% would have an equal, but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

### (b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The Scheme is exposed to credit risk on derivative financial instruments, cash and cash equivalents, amounts due from broker and other receivables.

#### (i) Derivative financial instruments

The use of derivatives is limited to the investment strategy specifically tailored for the Scheme. Asset managers are only permitted to use derivative financial instruments that meet certain investment criteria.

The counterparty risk arising from entering into derivative contracts 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.

#### (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) Amounts due from brokers

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 the unlisted unit trusts are suspended.

### (c) Liquidity risk

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

The Scheme is exposed to daily cash redemptions of redeemable units with the exception of van Eyk Blueprint Balanced option, van Eyk Blueprint Capital Stable option and van Eyk Blueprint High Growth option.

### 13 Financial risk management (continued)

#### (c) Liquidity risk (continued)

The Scheme's investments are considered to be readily realisable. The Scheme primarily holds investments in an active market which can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The Scheme's investments in unlisted unit trusts expose the Scheme to the risk that the Responsible Entity or the manager of those trusts may be unwilling or unable to fulfill the redemption requests within the timeframe requested by the Scheme. However, these investments are considered readily realisable unless the unlisted unit trusts are declared illiquid.

The Scheme 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 Scheme may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its 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 Scheme's overall liquidity, asset managers will only purchase securities (including derivatives) which meet the Scheme's investment criteria, including the assessment of saleability in different market conditions. The Scheme's investment strategies generally define a minimum liquidity level for the Scheme which is monitored regularly.

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

30 June 2016	Contractual cash flows		
	Carrying amount \$'000	At call \$'000	less than 6 months \$'000
<b>Non-derivative financial liabilities</b>			
Distributions payable to unitholders of the Scheme	211,494	-	211,494
Due to brokers - payable for securities purchased	4,137	-	4,137
Payables	7,825	-	7,825
Net assets attributable to unitholders	<u>2,522,432</u>	<u>2,522,432</u>	<u>-</u>
<b>Total</b>	<b><u>2,745,888</u></b>	<b><u>2,522,432</u></b>	<b><u>223,456</u></b>

30 June 2015	Contractual cash flows		
	Carrying amount \$'000	At call \$'000	less than 6 months \$'000
<b>Non-derivative financial liabilities</b>			
Distributions payable to unitholders of the Scheme	373,501	-	373,501
Due to brokers - payable for securities purchased	12,564	-	12,564
Payables	11,680	-	11,680
Net assets attributable to unitholders	<u>2,561,496</u>	<u>2,561,496</u>	<u>-</u>
<b>Total</b>	<b><u>2,959,241</u></b>	<b><u>2,561,496</u></b>	<b><u>397,745</u></b>

## 13 Financial risk management (continued)

### (d) Fair value measurement

The Scheme classifies fair value measurement of its 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:

- Inputs that are 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).

#### (i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed securities) 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 financial assets and liabilities, information provided by the quoted market 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 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 technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period.

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

The fair value of derivatives that are not exchange traded is estimated at the amount that would be received or paid to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. Options are valued with the reference to the quoted prices of the underlying index or share. If there is no liquid market available, the options are valued based on option prices provided by an arm's length broker. These valuations are based on Black-Scholes option pricing models. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the reporting date.

## 13 Financial risk management (continued)

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

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

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

The Scheme's level 3 assets include holdings in van Eyk Blueprint Balanced Fund, van Eyk Blueprint Capital Stable Fund and van Eyk Blueprint High Growth Fund.

On 3 July 2015 the responsible entity of these funds suspended the provision of unit prices due to the lack of certainty in the valuation of the underlying assets. The van Eyk options in the Fund have also suspended the daily unit prices accordingly.

The fair value of these van Eyk options are based on the 2 July 2015 prices of the underlying funds. In a letter to investors dated 30 May 2016 the responsible entity of underlying funds advised that the uncertainty regarding the value of the funds remains and these prices may not provide an accurate indication of the current or future value. The responsible entity of the underlying funds noted further that if and when pricing resumes, the indicative unit price for the Funds may fall.

There are no individual significant unobservable inputs into the valuation of the level 3 assets and, accordingly, a sensitivity analysis by input is not included in the notes to the financial statements.

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

30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets held for trading:				
Foreign exchange forward contracts	-	1	-	1
Financial assets designated at fair value through profit or loss:				
Equities	890,998	-	-	890,998
Listed unit trusts	2,885	-	-	2,885
Unlisted unit trusts	728,854	991,624	2,210	1,722,688
<b>Total</b>	<b>1,622,737</b>	<b>991,625</b>	<b>2,210</b>	<b>2,616,572</b>
30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets held for trading:				
Options	17	-	-	17
Financial assets designated at fair value through profit or loss:				
Equities	1,015,613	-	-	1,015,613
Listed unit trusts	5,281	-	-	5,281
Unlisted unit trusts	723,772	1,029,854	2,216	1,755,842
<b>Total</b>	<b>1,744,683</b>	<b>1,029,854</b>	<b>2,216</b>	<b>2,776,753</b>



### 13 Financial risk management (continued)

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

##### *Transfers between levels*

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

There were no transfers between levels for the years ended 30 June 2016 and 30 June 2015.

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

The following tables present the movement in level 3 instruments for the years ended 30 June 2016 and 30 June 2015 by class of financial instrument:

<b>30 June 2016</b>	<b>Unlisted unit trusts \$'000</b>	<b>Total \$'000</b>
Opening balance	2,216	2,216
Sales	(236)	(236)
Gains/(losses) recognised in profit or loss	<u>230</u>	<u>230</u>
<b>Closing balance</b>	<b><u>2,210</u></b>	<b><u>2,210</u></b>
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	<u>230</u>	<u>230</u>

30 June 2015	Unlisted unit trusts \$'000	Total \$'000
Opening balance	11,728	11,728
Purchases	230	230
Sales	(9,779)	(9,779)
Gains/(losses) recognised in profit or loss	<u>37</u>	<u>37</u>
Closing balance	<u>2,216</u>	<u>2,216</u>
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	<u>35</u>	<u>35</u>

## 14 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the balance sheet are disclosed in the first three columns of the tables below.

	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts set off in the balance sheet Gross amounts \$'000	Net amounts presented in the balance sheet Net amounts \$'000		Amounts subject to master netting arrangements \$'000	Net amounts \$'000
<b>30 June 2016</b>					
<b>Financial assets</b>					
Margin accounts	2	-	2	-	2
Derivative financial instruments	1	-	1	-	1
<b>Total</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>

	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts set off in the balance sheet Gross amounts \$'000	Net amounts presented in the balance sheet Net amounts \$'000		Amounts subject to master netting arrangements \$'000	Net amounts \$'000
<b>30 June 2015</b>					
<b>Financial assets</b>					
Derivative financial instruments	17	-	17	-	17
<b>Total</b>	<b>17</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>17</b>

### *Master netting arrangement*

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Scheme does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in this note.

## **15 Derivative financial instruments**

A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

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 Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme 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 Scheme.

The Scheme held the following derivative instruments during the year:

### **(a) 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.

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

Foreign exchange forward contracts are primarily used by the Scheme to hedge against currency risks on its non-Australian dollar denominated trading securities. The Scheme agrees 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 Scheme recognises a gain or loss equals to the change in fair value at the end of each reporting period.

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

Information about the Scheme's exposure to financial risks and the methods and assumptions used in determining fair values is provided in note 13 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the derivative financial instruments.

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

On 14 September 2016 the Responsible Entity of the Scheme approved the:

- closure of the following options to new investors from 4 October 2016
- wind up of the following options for the effective date 10 February 2017

Arnhem Australian Equity Option  
BlackRock Monthly Income Option  
BlackRock Scientific Australian Equity Option  
Colonial First State Equity Income Option  
Goldman Sachs Australian Infrastructure & Property Equity Option (formerly known as Goldman Sachs Australian Infrastructure Option)  
Ibbotson Australian Shares Active Option  
Ironbark Global Property Securities Option  
Maple-Brown Abbott Australian Share Option  
OnePath Tax Effective Income Option  
Zurich Investments Global Thematic Share Option

No other significant events have occurred since the reporting date which would impact on the financial position of the Scheme disclosed in the balance sheet as at 30 June 2016 or on the results and cash flows of the Scheme for the year ended on that date.

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

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2016 and 30 June 2015.

## Directors' declaration

In the opinion of the directors of Perpetual Investment Management Limited, the Responsible Entity of Perpetual WealthFocus Investment Advantage Fund:

- (a) the annual financial statements and notes, set out on pages 7 to 51, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
- (c) the financial report also complies with International Financial Reporting Standards as discussed in note 2(a).

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



Director

Sydney  
20 September 2016



## **Independent auditor's report to the unitholders of Perpetual WealthFocus Investment Advantage Fund**

### **Report on the financial report**

We have audited the accompanying financial report of Perpetual WealthFocus Investment Advantage Fund (the Scheme), which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' responsibility for the financial report*

The directors of Perpetual Investment Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Scheme's financial position, and of its performance.

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



*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial report of Perpetual WealthFocus Investment Advantage Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

Michael O Connell  
*Partner*

Sydney

20 September 2016



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