

THE TRUST COMPANY INVESTMENT FUNDS

ANNUAL FINANCIAL REPORT
30 JUNE 2020

Perpetual Investment Management Limited
ABN 18 000 866 535 AFSL 234426

Perpetual 

The Trust Company Investment Funds Annual Financial Report 30 June 2020

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Directors' report

The directors of Perpetual Investment Management Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of The Trust Company Investment Funds, present their report together with the annual financial report of The Trust Company Investment Funds (the Schemes) for the year ended 30 June 2020 and the auditor's report thereon.

The following are the Schemes included within this report:

Statutory name	Marketing Name	ARSN
The Trust Company Australian Share Fund	The Trust Company Australian Share Fund	093 447 137
The Trust Company Bond Fund	The Trust Company Fixed Interest Fund	093 447 600
The Trust Company Diversified Property Fund	The Trust Company Property Securities Fund	155 454 078
The Trust Company Philanthropy Fund	The Trust Company Philanthropy Fund	129 942 052
The Trust Company Share Imputation Fund	The Trust Company Share Imputation Fund	093 105 732

Responsible Entity

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

Directors

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

A Apted (appointed 9 April 2020)
A Gazal (appointed 9 April 2020)
D Lane (appointed 20 April 2017)
R Adams (appointed 17 October 2018, resigned 9 April 2020)
C Green (appointed 17 October 2018, resigned 9 April 2020)

Principal activities

The Schemes generally invest in (but are not limited to) Australian shares, property and fixed income securities.

The objective and investment strategy for each Scheme are disclosed in The Trust Company Investment Funds Product Disclosure Statement, with the exception for the Trust Company Philanthropy Fund whose objective and investment strategy are disclosed in the Trust Company Fund Product Disclosure Statement.

The Schemes did not have any employees during the year.

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

Directors' report (continued)

Review and results of operations

During the year, the Schemes' assets were invested in accordance with the investment objectives and guidelines as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

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

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities Fund		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Profit/(loss)	(1,535)	1,087	1,341	6,051	(7,155)	6,231	(21,420)	15,698	(2,886)	1,872
Distributions paid and payable	420	1,851	2,224	4,551	1,191	2,487	5,455	12,497	800	2,545
Distributions (cents per unit)	4.73	18.31	2.32	4.18	3.98	7.67	1.48	3.39	5.23	15.30

The rapid spread of the coronavirus (COVID-19) across the globe has led to unprecedented economic times and governments taking extreme measures to limit the spread of the virus. This has resulted in significant volatility in global and local capital markets which has been reflected in the valuation of the Schemes' investment portfolios and their financial results for the year ended 30 June 2020.

Interests in the Schemes

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

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

The Schemes, with the exception for the Trust Company Philanthropy Fund, are generally closed to new unitholders from 18 June 2014. However, the Responsible Entity may make these Schemes available to new unitholders at its discretion.

Significant changes in state of affairs

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

Directors' report (continued)

Likely developments and expected results of operations

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

Matters subsequent to the end of the financial year

The uncertainty around COVID-19 is expected to continue to present social and economic challenges in the next financial year and the resulting impact on the capital markets remains uncertain. Since the reporting date, there have been no significant changes in the valuation of the Schemes' investment portfolios arising from the changes in the estimates and assumptions in relation to COVID-19. The Responsible Entity is closely monitoring the liquidity of the Schemes and any impact on the valuation of the Schemes' investment portfolios.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

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

Environmental regulation

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

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

Fees paid to the Responsible Entity and its related parties out of Schemes' properties during the year are disclosed in note 13 to the financial statements.

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

The number of interests in the Schemes held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 13 to the financial statements.

Indemnification and insurance of officers and auditors

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

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

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

Financial statements presentation

The Schemes are entities of the kind referred to in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839*. In accordance with the legislative instrument, registered schemes with common Responsible Entity (or related Responsible Entities) are permitted to include their financial statements in adjacent columns in a single financial report.

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
23 September 2020



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

To the Directors of Perpetual Investment Management Limited as the Responsible Entity of the following Schemes:
The Trust Company Australian Share Fund; The Trust Company Philanthropy Fund; and
The Trust Company Bond Fund; The Trust Company Share Imputation Fund.
The Trust Company Diversified Property Fund.

I declare that, to the best of my knowledge and belief, in relation to the audits of the Schemes for the financial year ended 30 June 2020 there have been:

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

A handwritten signature of 'KPMG' in blue ink, written in a cursive, slightly slanted style.

KPMG

A handwritten signature of 'J. Davis' in blue ink, written in a cursive, flowing style.

Jessica Davis
Partner
Sydney
23 September 2020

The Trust Company Investment Funds
Statements of comprehensive income
For the year ended 30 June 2020

Statements of comprehensive income

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities Fund		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income										
Dividend/distribution income	637	865	2,653	5,045	1,348	1,709	7,331	14,198	1,139	1,379
Interest income	6	22	4	14	6	14	26	92	13	40
Net gains/(losses) on financial instruments at fair value through profit or loss	3 (1,925)	505	(876)	1,485	(8,370)	4,683	(27,322)	2,873	(3,610)	918
Net foreign exchange gains/(losses)	(13)	(2)	-	-	-	-	-	-	(21)	(3)
Other income	33	-	-	-	20	-	-	-	43	-
Total net investment income/(loss)	(1,262)	1,390	1,781	6,544	(6,996)	6,406	(19,965)	17,163	(2,436)	2,334
Expenses										
Responsible Entity's fees	13 152	197	398	450	103	101	1,435	1,423	295	331
Other operating expenses	4 121	106	42	43	56	74	20	42	155	131
Total expenses	273	303	440	493	159	175	1,455	1,465	450	462
Profit/(loss)	(1,535)	1,087	1,341	6,051	(7,155)	6,231	(21,420)	15,698	(2,886)	1,872
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(1,535)	1,087	1,341	6,051	(7,155)	6,231	(21,420)	15,698	(2,886)	1,872

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

The Trust Company Investment Funds
Balance sheets
As at 30 June 2020

Balance sheets

		The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities Fund		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	Notes	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Assets											
Cash and cash equivalents	11(b)	804	1,512	584	1,490	721	1,145	8,935	4,867	1,597	3,249
Financial assets at fair value through profit or loss	7	12,562	17,887	87,508	105,972	25,194	37,411	250,113	282,634	23,476	29,938
Receivables for securities sold		62	93	-	-	-	302	-	-	121	158
Receivables	9	25	44	435	2,145	362	620	1,502	4,219	43	71
Total assets		13,453	19,536	88,527	109,607	26,277	39,478	260,550	291,720	25,237	33,416
Liabilities											
Financial liabilities at fair value through profit or loss	8	-	-	-	-	-	11	-	-	-	-
Distributions payable to unitholders of the Schemes	5	108	1,342	322	2,283	738	1,827	1,466	6,051	243	1,780
Payables for securities purchased		32	88	-	-	308	261	-	-	74	151
Payables	10	55	64	58	204	42	48	153	156	75	82
Total liabilities		195	1,494	380	2,487	1,088	2,147	1,619	6,207	392	2,013
Net assets attributable to unitholders - equity	6	13,258	18,042	88,147	107,120	25,189	37,331	258,931	285,513	24,845	31,403

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

The Trust Company Investment Funds
Statements of changes in equity
For the year ended 30 June 2020

Statements of changes in equity

		The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities Fund		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
		30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Total equity at the beginning of the year	6	18,042	23,377	107,120	120,399	37,331	39,666	285,513	266,875	31,403	36,082
Comprehensive income for the year											
Profit/(loss)		(1,535)	1,087	1,341	6,051	(7,155)	6,231	(21,420)	15,698	(2,886)	1,872
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		(1,535)	1,087	1,341	6,051	(7,155)	6,231	(21,420)	15,698	(2,886)	1,872
Transactions with unitholders											
Applications	6	14	296	2,123	6,669	1,122	500	1,542	18,129	5,214	633
Redemptions	6	(2,947)	(4,976)	(22,157)	(22,947)	(6,448)	(11,718)	(1,249)	(2,692)	(8,159)	(4,719)
Units issued upon reinvestment of distributions	6	104	109	1,944	1,499	1,530	5,139	-	-	73	80
Distributions to unitholders	5,6	(420)	(1,851)	(2,224)	(4,551)	(1,191)	(2,487)	(5,455)	(12,497)	(800)	(2,545)
Total transactions with unitholders		(3,249)	(6,422)	(20,314)	(19,330)	(4,987)	(8,566)	(5,162)	2,940	(3,672)	(6,551)
Total equity at the end of the year	6	13,258	18,042	88,147	107,120	25,189	37,331	258,931	285,513	24,845	31,403

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

The Trust Company Investment Funds
Statements of cash flows
For the year ended 30 June 2020

Statements of cash flows

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities Fund		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities										
Dividends/distributions received	660	968	4,362	4,275	1,626	1,791	10,051	21,470	1,175	1,517
Interest received	6	22	4	14	6	14	26	92	13	40
Other income received	49	21	33	37	11	16	108	103	67	32
Responsible Entity's fees paid	(167)	(216)	(434)	(487)	(113)	(99)	(1,540)	(1,524)	(322)	(359)
Other operating expenses paid	(135)	(97)	(47)	(36)	(63)	(68)	(24)	(37)	(169)	(125)
Net cash inflow/(outflow) from operating activities										
11(a)	413	698	3,918	3,803	1,467	1,654	8,621	20,104	764	1,105
Cash flows from investing activities										
Proceeds from sale of investments	16,540	16,674	21,950	26,395	9,518	30,903	28,250	25,000	28,042	22,876
Payments for purchase of investments	(13,178)	(10,766)	(4,362)	(11,276)	(5,333)	(17,453)	(23,051)	(39,969)	(25,251)	(18,152)
Net cash inflow/(outflow) from investing activities										
	3,362	5,908	17,588	15,119	4,185	13,450	5,199	(14,969)	2,791	4,724
Cash flows from financing activities										
Proceeds from applications by unitholders	14	296	2,123	6,669	1,122	500	1,537	18,129	5,214	634
Payments for redemptions by unitholders	(2,947)	(4,976)	(22,294)	(22,972)	(6,448)	(11,718)	(1,249)	(2,692)	(8,157)	(4,719)
Distributions paid	(1,550)	(2,364)	(2,241)	(2,123)	(750)	(3,252)	(10,040)	(19,762)	(2,264)	(2,399)
Net cash inflow/(outflow) from financing activities										
	(4,483)	(7,044)	(22,412)	(18,426)	(6,076)	(14,470)	(9,752)	(4,325)	(5,207)	(6,484)
Net increase/(decrease) in cash and cash equivalents										
	(708)	(438)	(906)	496	(424)	634	4,068	810	(1,652)	(655)
Cash and cash equivalents at the beginning of the year	1,512	1,950	1,490	994	1,145	511	4,867	4,057	3,249	3,904
Cash and cash equivalents at the end of the year										
11(b)	804	1,512	584	1,490	721	1,145	8,935	4,867	1,597	3,249

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

1 General information

This annual financial report covers The Trust Company Investment Funds (the Schemes). The Schemes are registered managed investment schemes under the *Corporations Act 2001*. The Schemes are domiciled in Australia. For the purpose of the financial statements, the Schemes are for-profit entities.

The Schemes, with the exception for the Trust Company Philanthropy Fund, are generally closed to new unitholders from 18 June 2014. However, the Responsible Entity may make these Schemes available to new unitholders at its discretion.

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

The annual financial report was authorised for issue by the directors of the Responsible Entity on 23 September 2020. 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.

(a) Basis of preparation

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

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

Compliance with International Financial Reporting Standards

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

Functional and presentation currency

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

Use of estimates

Management has taken into consideration the impacts of COVID-19 to make estimates and assumptions that affect the reported amounts in the financial statements. Estimates and associated assumptions are reviewed regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The use of estimates and critical judgements in fair value measurement that can have significant effect on the amounts recognised in the financial statements is described in note 15(d).

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations

There are no new accounting standards, amendments and interpretations effective for the first time for the financial year beginning 1 July 2019 that would be expected to have a material impact on the Schemes.

(c) Financial instruments

(i) Classification

The Schemes classify their investments based on their business model for managing those financial assets and their contractual cash flow characteristics. The Schemes' portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Schemes' documented investment strategy. The Schemes evaluate the information about their investments on a fair value basis together with other related financial information.

Equity securities and unlisted unit trusts are classified as financial assets at fair value through profit or loss.

Derivative contracts that have negative values are presented as financial liabilities at fair value through profit or loss.

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further details of fair value measurement are disclosed in note 15(d).

(iv) Offsetting financial instruments

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

2 Summary of significant accounting policies (continued)

(d) Net assets attributable to unitholders

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

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

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Schemes classify the net assets attributable to unitholders as equity as they satisfy the following criteria:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Schemes' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and the class features are identical;
- no contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Schemes, and it is not a contract settled in the Schemes' own equity instrument; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(e) Cash and cash equivalents

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

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

(f) Receivables

Receivables include accrued income, application monies receivable and receivables for securities sold. Amounts are generally received within 30 days of being accrued for.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Schemes shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Schemes shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the impairment loss is recognised in profit or loss within other operating expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

2 Summary of significant accounting policies (continued)

(g) Payables

Payables include accrued expenses, redemption monies owing by the Schemes and payables for securities purchased which are unpaid at the end of the reporting date. Amounts are generally paid within 30 days of being accrued for.

(h) Investment income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in profit or loss when the Schemes' right to receive payment is established.

Other changes in fair value for such instruments are recorded in accordance with the accounting policies described in note 2(c).

(i) Expenses

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

(j) Income tax

The Schemes are not subject to income tax provided the taxable income of the Schemes are attributed in full to their unitholders each financial year either by way of cash or reinvestment. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

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

(k) Distributions

Distributions are payable as set out in the Schemes' Constitutions. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Schemes.

(l) Goods and Services Tax

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

(m) 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 at fair value through profit or loss.

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

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

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities Fund		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss	(1,903)	(778)	(621)	1,607	(9,180)	3,420	(25,658)	3,114	(3,061)	(719)
Net realised gains/(losses) on financial instruments at fair value through profit or loss	(22)	1,283	(255)	(122)	810	1,263	(1,664)	(241)	(549)	1,637
Net gains/(losses) on financial instruments at fair value through profit or loss	(1,925)	505	(876)	1,485	(8,370)	4,683	(27,322)	2,873	(3,610)	918

4 Other operating expenses

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities Fund		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Transaction costs	40	40	-	-	3	22	-	-	72	59
Sundry expenses	81	66	42	43	53	52	20	42	83	72
Total	121	106	42	43	56	74	20	42	155	131

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

5 Distributions to unitholders

The distributions for the year were as follows:

	The Trust Company Australian Share Fund				The Trust Company Fixed Interest Fund			
	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU
	Distributions paid - September	35	0.36	126	1.06	498	0.48	600
Distributions paid - December	251	2.76	282	2.63	764	0.75	908	0.81
Distributions paid - March	26	0.30	101	0.98	640	0.72	760	0.70
Distributions payable - June	108	1.31	1,342	13.64	322	0.37	2,283	2.16
Total distributions	420		1,851		2,224		4,551	

	The Trust Company Property Securities Fund				The Trust Company Philanthropy Fund			
	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU
	Distributions paid - September	94	0.30	135	0.39	949	0.26	1,370
Distributions paid - December	-	-	11	0.03	1,924	0.52	2,129	0.58
Distributions paid - March	359	1.12	514	1.56	1,116	0.30	2,947	0.80
Distributions payable - June	738	2.56	1,827	5.69	1,466	0.40	6,051	1.64
Total distributions	1,191		2,487		5,455		12,497	

	The Trust Company Share Imputation Fund			
	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU
	Distributions paid - September	62	0.38	175
Distributions paid - December	442	2.86	431	2.53
Distributions paid - March	53	0.35	159	0.94
Distributions payable - June	243	1.64	1,780	10.86
Total distributions	800		2,545	

6 Net assets attributable to unitholders

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

	The Trust Company Australian Share Fund				The Trust Company Fixed Interest Fund			
	30 June 2020 Units '000	30 June 2019 Units '000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 Units '000	30 June 2019 Units '000	30 June 2020 \$'000	30 June 2019 \$'000
Net assets attributable to unitholders								
Opening balance	9,839	12,276	18,042	23,377	105,913	120,602	107,120	120,399
Applications	9	159	14	296	2,101	6,610	2,123	6,669
Redemptions	(1,629)	(2,654)	(2,947)	(4,976)	(22,175)	(22,794)	(22,157)	(22,947)
Units issued upon reinvestment of distributions	57	58	104	109	1,923	1,495	1,944	1,499
Distributions to unitholders	-	-	(420)	(1,851)	-	-	(2,224)	(4,551)
Profit/(loss)	-	-	(1,535)	1,087	-	-	1,341	6,051
Closing balance	8,276	9,839	13,258	18,042	87,762	105,913	88,147	107,120

	The Trust Company Property Securities Fund				The Trust Company Philanthropy Fund			
	30 June 2020 Units '000	30 June 2019 Units '000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 Units '000	30 June 2019 Units '000	30 June 2020 \$'000	30 June 2019 \$'000
Net assets attributable to unitholders								
Opening balance	32,137	37,705	37,331	39,666	368,832	348,774	285,513	266,875
Applications	1,649	442	1,122	500	1,977	23,539	1,542	18,129
Redemptions	(6,356)	(10,862)	(6,448)	(11,718)	(1,780)	(3,481)	(1,249)	(2,692)
Units issued upon reinvestment of distributions	1,435	4,852	1,530	5,139	-	-	-	-
Distributions to unitholders	-	-	(1,191)	(2,487)	-	-	(5,455)	(12,497)
Profit/(loss)	-	-	(7,155)	6,231	-	-	(21,420)	15,698
Closing balance	28,865	32,137	25,189	37,331	369,029	368,832	258,931	285,513

6 Net assets attributable to unitholders (continued)

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

	The Trust Company Share Imputation Fund			
	30 June 2020 Units '000	30 June 2019 Units '000	30 June 2020 \$'000	30 June 2019 \$'000
Net assets attributable to unitholders				
Opening balance	16,389	18,475	31,403	36,082
Applications	2,624	328	5,214	633
Redemptions	(4,241)	(2,456)	(8,159)	(4,719)
Units issued upon reinvestment of distributions	38	42	73	80
Distributions to unitholders	-	-	(800)	(2,545)
Profit/(loss)	-	-	(2,886)	1,872
Closing balance	14,810	16,389	24,845	31,403

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

Capital risk management

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

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

7 Financial assets at fair value through profit or loss

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Equities	12,562	17,887	-	-	25,194	37,411	-	-	23,476	29,938
Unlisted unit trusts	-	-	87,508	105,972	-	-	250,113	282,634	-	-
Total financial assets at fair value through profit or loss	12,562	17,887	87,508	105,972	25,194	37,411	250,113	282,634	23,476	29,938

8 Financial liabilities at fair value through profit or loss

	The Trust Company Property Securities	
	30 June 2020 \$'000	30 June 2019 \$'000
Derivatives		
Futures	-	11
Total financial liabilities at fair value through profit or loss	-	11

9 Receivables

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Dividends/distributions receivable	11	34	423	2,132	336	614	1,461	4,181	20	56
Applications receivable	-	-	-	-	-	-	5	-	-	-
Other receivables	14	10	12	13	26	6	36	38	23	15
Total receivables	25	44	435	2,145	362	620	1,502	4,219	43	71

10 Payables

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Responsible Entity's fees payable	12	16	31	38	8	10	130	130	25	30
Other fees payable	43	48	27	29	34	38	23	26	48	52
Redemptions payable	-	-	-	137	-	-	-	-	2	-
Total payables	55	64	58	204	42	48	153	156	75	82

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

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities										
Profit/(loss)	(1,535)	1,087	1,341	6,051	(7,155)	6,231	(21,420)	15,698	(2,886)	1,872
(Increase)/decrease in dividends/distributions receivable	23	103	1,709	(770)	278	82	2,720	7,272	36	138
(Increase)/decrease in other receivables	(4)	-	1	1	(20)	3	2	(4)	(8)	(1)
Increase/(decrease) in payables	(9)	11	(9)	6	(6)	21	(3)	11	(9)	11
Net (gains)/losses on financial instruments at fair value through profit or loss	1,925	(505)	876	(1,485)	8,370	(4,683)	27,322	(2,873)	3,610	(918)
Net foreign exchange (gains)/losses	13	2	-	-	-	-	-	-	21	3
Net cash inflow/(outflow) from operating activities	413	698	3,918	3,803	1,467	1,654	8,621	20,104	764	1,105
(b) Components of cash and cash equivalents										
Cash at the end of the year as shown in the statements of cash flows is reconciled to the balance sheets as follows:										
Cash at bank	804	1,512	584	1,490	721	1,105	8,935	4,867	1,597	3,249
Margin accounts	-	-	-	-	-	40	-	-	-	-
Total cash and cash equivalents	804	1,512	584	1,490	721	1,145	8,935	4,867	1,597	3,249
(c) Non-cash financing activities										
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plans	104	109	1,944	1,499	1,530	5,139	-	-	73	80

12 Remuneration of auditors

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amount received or due and receivable by KPMG:										
Audit of financial statements	14,701	14,555	8,389	8,306	14,701	14,555	8,389	8,306	14,701	14,555
Other regulatory assurance services	2,867	2,832	2,648	2,618	2,867	2,832	2,648	2,618	2,867	2,832
Total	17,568	17,387	11,037	10,924	17,568	17,387	11,037	10,924	17,568	17,387

Audit fees were paid or payable by the Schemes.

13 Related party transactions

Responsible Entity

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

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

Key management personnel

(a) Directors

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

A Apted (appointed 9 April 2020)
A Gazal (appointed 9 April 2020)
D Lane (appointed 20 April 2017)
R Adams (appointed 17 October 2018, resigned 9 April 2020)
C Green (appointed 17 October 2018, resigned 9 April 2020)

(b) Other key management personnel

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

13 Related party transactions (continued)

Key management personnel unitholdings

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

No key management personnel of the Responsible Entity held units in the Schemes as at 30 June 2020.

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 were no compensation paid directly by the Schemes to any of the key management personnel during the year.

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

Responsible Entity's fees and other transactions

Under the terms of the Schemes' Constitutions (as amended), the Responsible Entity is entitled to receive management fees calculated by reference to the net asset value of the Schemes. Where the Schemes invest into other schemes, the Responsible Entity's fees are calculated after rebating management fees charged by the underlying schemes.

Schemes	Responsible Entity's fees
The Trust Company Australian Share Fund	0.950%
The Trust Company Fixed Interest Fund	0.720%
The Trust Company Property Securities Fund	0.300%
The Trust Company Philanthropy Fund	1.120%
The Trust Company Share Imputation Fund	1.025%

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

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Responsible Entity's fees	152,265	197,172	398,167	449,727	102,875	101,186	1,434,543	1,422,904	295,137	331,465
Responsible Entity's fees payable	12,142	16,451	30,806	38,061	7,603	10,334	129,853	130,263	24,683	29,979

13 Related party transactions (continued)

Related party unitholdings

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

	Number of units held 30 June 2020 '000	Interest held 30 June 2020 %	Number of units acquired 30 June 2020 '000	Number of units disposed 30 June 2020 '000	Distributions paid/payable 30 June 2020 \$'000	Number of units held 30 June 2019 '000	Interest held 30 June 2019 %	Number of units acquired 30 June 2019 '000	Number of units disposed 30 June 2019 '000	Distributions paid/payable 30 June 2019 \$'000
The Trust Company Fixed Interest Fund										
Unitholders										
The Trust Company Philanthropy Fund	39,975	45.5	2,903	11,142	1,031	48,214	45.5	5,447	1,981	2,020
The Trust Company Property Securities Fund										
Unitholders										
The Trust Company Philanthropy Fund	19,321	66.9	2,934	4,781	805	21,168	65.9	4,830	6,603	1,616

13 Related party transactions (continued)

Investments

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

	Number of units held 30 June 2020 '000	Fair value of investments 30 June 2020 \$'000	Interest held 30 June 2020 %	Number of units acquired 30 June 2020 '000	Number of units disposed 30 June 2020 '000	Distributions received/ receivable 30 June 2020 \$'000	Number of units held 30 June 2019 '000	Fair value of investments 30 June 2019 \$'000	Interest held 30 June 2019 %	Number of units acquired 30 June 2019 '000	Number of units disposed 30 June 2019 '000	Distributions received/ receivable 30 June 2019 \$'000
The Trust Company Fixed Interest Fund												
Investments												
Perpetual Active Fixed Interest Fund	32,809	34,680	7.7	2,171	9,099	1,269	39,737	41,911	10.1	3,446	12,001	2,503
Perpetual Credit Income Fund	51,655	52,828	11.0	2,000	12,237	1,384	61,892	64,061	9.6	7,433	13,474	2,542
The Trust Company Philanthropy Fund												
Investments												
Perpetual Defensive Alternatives Pool Fund	48,199	42,746	10.0	2,556	-	1,283	45,643	41,342	10.2	1,788	556	1,608
Perpetual Growth Alternatives Pool Fund	22,799	29,031	4.2	3,398	1,500	-	20,901	27,929	4.2	933	1,102	1,240
Perpetual Institutional Cash Management Trust	1,313	1,313	0.1	70	4,000	50	5,243	5,243	0.4	5,057	4,000	60
Perpetual Wholesale Income Share Fund	116,036	120,022	85.1	11,374	6,133	4,161	110,795	134,794	83.1	17,985	8,296	7,654
The Trust Company Fixed Interest Fund	39,975	40,149	45.5	2,903	11,142	1,031	48,214	48,773	45.5	5,447	1,981	2,020
The Trust Company Property Securities Fund	19,321	16,852	66.9	2,934	4,781	806	21,168	24,553	65.9	4,830	6,603	1,616

14 Structured entities

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

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

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

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

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

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

Unconsolidated subsidiaries

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

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

	The Trust Company Philanthropy Fund			
	Fair value		Ownership interest	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	\$'000	\$'000	%	%
Perpetual Wholesale Income Share Fund	120,022	134,794	85.1	83.1
The Trust Company Property Securities Fund	16,852	24,553	66.9	65.9

The principal place of business for the above entities is Sydney, Australia.

15 Financial risk management

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

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

During the market disruption led by COVID-19 during the year, the Responsible Entity continued to follow its established policies and processes in monitoring the risks as discussed in this note.

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

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

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

(a) Market risk

(i) Currency risk

Currency risk arises as 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 Schemes did not have any significant direct 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 Schemes are exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Schemes to fair value interest rate risk.

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

15 Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

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

The Schemes are exposed to price risk predominantly through their investments for which prices in the future are uncertain.

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

	The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Derivatives	-	-	-	-	-	(11)	-	-	-	-
Equities	12,562	17,887	-	-	-	-	-	-	-	-
Units in fixed income trusts	-	-	87,508	105,972	-	-	40,149	48,773	-	-
Units in equity and other trusts	-	-	-	-	25,194	37,411	208,651	228,618	23,476	29,938

The table presented in note 15(a)(iv) summarises sensitivity analysis to price risk. This analysis assumes that all other variables remain constant.

15 Financial risk management (continued)

(a) Market risk (continued)

(iv) Sensitivity analysis

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

	Sensitivity rates	Impact on profit/(loss) and net assets attributable to unitholders									
		The Trust Company Australian Share Fund		The Trust Company Fixed Interest Fund		The Trust Company Property Securities		The Trust Company Philanthropy Fund		The Trust Company Share Imputation Fund	
		30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Price risk											
Equities and equity related securities*	+10%	1,256	1,789	-	-	2,519	3,740	20,865	22,862	2,348	2,994
	-10%	(1,256)	(1,789)	-	-	(2,519)	(3,740)	(20,865)	(22,862)	(2,348)	(2,994)
Units in fixed income trusts	+5%	-	-	4,375	5,299	-	-	2,007	2,439	-	-
	-5%	-	-	(4,375)	(5,299)	-	-	(2,007)	(2,439)	-	-

*Include equities, derivatives and units in equity and other trusts.

15 Financial risk management (continued)

(b) Credit risk

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

The Schemes determine credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers relevant, historical analysis and forward looking information in determining any expected credit loss. At the reporting date, all receivables and cash and cash equivalents are held with approved counterparties and are either callable on demand or due within 30 days. Management consider the probability of default to be low, as a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Schemes. The expected credit loss remained low during the period of market disruption led by COVID-19.

(i) Derivative financial instruments

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

(ii) Cash and cash equivalents

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

(iii) Receivables for securities sold

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

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

(c) Liquidity risk

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

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

The Schemes' investments in equity securities are considered to be readily realisable. The Schemes primarily hold investments in an active market which can be readily disposed. There are no significant value of investments held that are not actively traded on a stock exchange.

The Schemes' investments in unlisted unit trusts expose them to the risk that the responsible entity or the manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Schemes. However, these investments are considered readily realisable unless the unlisted unit trusts are declared illiquid or suspended. The Schemes did not hold any units in unlisted unit trusts that have suspended their redemption during the market volatility resulting from COVID-19.

15 Financial risk management (continued)

(c) Liquidity risk (continued)

In order to manage the Schemes' overall liquidity, asset managers will only purchase securities (including derivatives) which meet the Schemes' investment criteria, including the assessment of saleability in different market conditions. The Schemes' investment strategy generally defines a minimum liquidity level for the Schemes which is monitored regularly.

During the period of market disruption led by COVID-19, management increased its monitoring frequency of the Schemes' liquidity including the large transaction flows requested by the unitholders and the liquidity of the underlying assets.

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

	30 June 2020			30 June 2019		
	Carrying amount \$'000	At call \$'000	Less than 6 months \$'000	Carrying amount \$'000	At call \$'000	Less than 6 months \$'000
The Trust Company Australian Share Fund						
Non-derivative financial liabilities						
Distributions payable to unitholders of the Scheme	108	-	108	1,342	-	1,342
Payables for securities purchased	32	-	32	88	-	88
Payables	55	-	55	64	-	64
Total	195	-	195	1,494	-	1,494
The Trust Company Fixed Interest Fund						
Non-derivative financial liabilities						
Distributions payable to unitholders of the Scheme	322	-	322	2,283	-	2,283
Payables	58	-	58	204	-	204
Total	380	-	380	2,487	-	2,487

15 Financial risk management (continued)

(c) Liquidity risk (continued)

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

	30 June 2020			30 June 2019		
	Contractual cash flows			Contractual cash flows		
	Carrying amount \$'000	At call \$'000	Less than 6 months \$'000	Carrying amount \$'000	At call \$'000	Less than 6 months \$'000
The Trust Company Property Securities Fund						
Non-derivative financial liabilities						
Distributions payable to unitholders of the Scheme	738	-	738	1,827	-	1,827
Payables for securities purchased	308	-	308	261	-	261
Payables	42	-	42	48	-	48
Total	1,088	-	1,088	2,136	-	2,136
Derivative financial liabilities						
Futures	-	-	-	11	-	11
Total	-	-	-	11	-	11
The Trust Company Philanthropy Fund						
Non-derivative financial liabilities						
Distributions payable to unitholders of the Scheme	1,466	-	1,466	6,051	-	6,051
Payables	153	-	153	156	-	156
Total	1,619	-	1,619	6,207	-	6,207
The Trust Company Share Imputation Fund						
Non-derivative financial liabilities						
Distributions payable to unitholders of the Scheme	243	-	243	1,780	-	1,780
Payables for securities purchased	74	-	74	151	-	151
Payables	75	-	75	82	-	82
Total	392	-	392	2,013	-	2,013

15 Financial risk management (continued)

(d) Fair value measurement

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

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

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

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

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.

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

An unlisted unit trust is considered to be quoted in an active market if it publishes daily prices and there is evidence that transactions occur at that unadjusted prices regularly. Investments in such trusts are valued using the redemption value per unit as reported by the investment managers without any adjustment.

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

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

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

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

The Schemes did not hold any financial instruments with fair value measurements using significant unobservable inputs (level 3) at 30 June 2020 and 30 June 2019.

15 Financial risk management (continued)

(d) Fair value measurement (continued)

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

	30 June 2020				30 June 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Trust Company Australian Share Fund								
Financial assets at fair value through profit or loss								
Equities	12,526	36	-	12,562	17,887	-	-	17,887
Total	12,526	36	-	12,562	17,887	-	-	17,887
The Trust Company Fixed Interest Fund								
Financial assets at fair value through profit or loss								
Unlisted unit trusts	-	87,508	-	87,508	-	105,972	-	105,972
Total	-	87,508	-	87,508	-	105,972	-	105,972
The Trust Company Property Securities Fund								
Financial assets at fair value through profit or loss								
Equities	25,194	-	-	25,194	37,319	92	-	37,411
Total	25,194	-	-	25,194	37,319	92	-	37,411
Financial liabilities at fair value through profit or loss								
Derivatives								
Futures	-	-	-	-	11	-	-	11
Total	-	-	-	-	11	-	-	11

15 Financial risk management (continued)

(d) Fair value measurement (continued)

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

	30 June 2020				30 June 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Trust Company Philanthropy Fund								
Financial assets at fair value through profit or loss								
Unlisted unit trusts	1,313	248,800	-	250,113	5,243	277,391	-	282,634
Total	1,313	248,800	-	250,113	5,243	277,391	-	282,634
The Trust Company Share Imputation Fund								
Financial assets at fair value through profit or loss								
Equities	23,409	67	-	23,476	29,938	-	-	29,938
Total	23,409	67	-	23,476	29,938	-	-	29,938

Transfers between levels

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

There were no transfers between levels for the years ended 30 June 2020 and 30 June 2019.

Fair value measurements using significant unobservable inputs (level 3)

There was no movement in level 3 instruments for the years ended 30 June 2020 and 30 June 2019.

16 Offsetting financial assets and financial liabilities

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

	30 June 2020					30 June 2019				
	Effects of offsetting on the balance sheet			Related amounts not offset		Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Net amounts		Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Net amounts	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Trust Company										
Property Securities Fund										
Financial assets										
Margin accounts	-	-	-	-	-	40	-	40	(11)	29
Total	-	-	-	-	-	40	-	40	(11)	29
Financial liabilities										
Derivative financial instruments	-	-	-	-	-	(11)	-	(11)	11	-
Total	-	-	-	-	-	(11)	-	(11)	11	-

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

Master netting arrangements - not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreements. Under the terms of these arrangements, only where certain 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 Schemes do not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheets, but have been presented separately in this note.

17 Derivative financial instruments

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

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as futures. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Schemes' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Schemes against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

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

The Schemes held the following derivative financial instruments during the year:

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

Risk exposures and fair value measurements

Information about the Schemes' exposure to financial risks and the methods and assumptions used in determining fair values is provided in note 15. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the derivative financial instruments.

18 Events occurring after the reporting period

The uncertainty around COVID-19 is expected to continue to present social and economic challenges in the next financial year and the resulting impact on the capital markets remains uncertain. Since the reporting date, there have been no significant changes in the valuation of the Schemes' investment portfolios arising from the changes in the estimates and assumptions in relation to COVID-19. The Responsible Entity is closely monitoring the liquidity of the Schemes and any impact on the valuation of the Schemes' investment portfolios.

No other significant events have occurred since the reporting date which would have impact on the financial position of the Schemes disclosed in the balance sheets as at 30 June 2020 or on the results and cash flows of the Schemes for the year ended on that date.

19 Contingent assets, liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2020 and 30 June 2019.

Directors' declaration

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

The Trust Company Australian Share Fund
The Trust Company Fixed Interest Fund
The Trust Company Property Securities Fund
The Trust Company Philanthropy Fund
The Trust Company Share Imputation Fund

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

(a) the annual financial statements and notes, set out on pages 7 to 37, are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and
- (ii) giving a true and fair view of the Schemes' financial positions as at 30 June 2020 and of their performances for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable; and

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

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



Director

Sydney
23 September 2020



Independent Auditor's Report

To the respective unitholders of the following Schemes:

The Trust Company Australian Share Fund;

The Trust Company Bond Fund;

The Trust Company Diversified Property Fund;

The Trust Company Philanthropy Fund; and

The Trust Company Share Imputation Fund.

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

Opinions

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

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

- giving a true and fair view of the Scheme's financial position as at 30 June 2020 and of its financial performance and cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

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

- Balance sheets as at 30 June 2020
- Statements of comprehensive income for the year then ended
- Statements of changes in equity, and Cash flow statements for the year then ended
- Notes to the financial statements including a summary of significant accounting policies
- Directors' Declarations.

Basis for opinions

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

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

We are independent of the Schemes in accordance with the *Corporations Act 2001* and the relevant ethical requirements of *the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Reports

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

- preparing the Financial Reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of the Financial Reports that give a true and fair view and are free from material misstatement, whether due to fraud or error; and
- assessing the Schemes' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Schemes or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

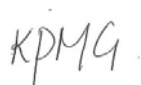
Our objective is:

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

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

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

A further description of our responsibilities for the audits of the Financial Reports is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



KPMG



Jessica Davis

Partner

Sydney

23 September 2020



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