

# **Russell Investments Australian Cash Fund**

ARSN 092 806 767

## **Annual report**

**For the year ended 30 June 2018**

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## Annual report

### For the year ended 30 June 2018

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## Directors' report

The directors of Russell Investment Management Ltd (ABN 53 068 338 974 AFSL No. 247185), the Responsible Entity of Russell Investments Australian Cash Fund, present their report together with the financial statements of Russell Investments Australian Cash Fund (the "Fund"), for the year ended 30 June 2018.

### Principal activities

The Fund invests in assets such as cash deposits, bank bills, floating rate notes and other cash equivalent products as set out in the Fund's offer documents and in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year or since the end of the year and up to the date of this report.

### Directors

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

Peter Gunning  
 Jodie Hampshire (appointed, effective 3 July 2018)  
 Symon Parish  
 Glenn Smith (resigned, effective 29 June 2018)  
 Kenneth Willman  
 Bronwyn Yates

### Review and results of operations

During the year, the Fund continued to invest in accordance with its investment objective and investment strategy as set out in the offer documents of the Fund and in accordance with the provisions of the Fund's Constitution.

#### Results

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

	Year ended	
	30 June 2018	30 June 2017
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>18,211</u>	<u>23,713</u>
<i>Distributions - Class A</i>		
Distributions paid and payable (\$'000)	<u>5,341</u>	<u>8,765</u>
Distribution (Cents per unit - CPU)	<u>1.55</u>	<u>1.52</u>
<i>Distributions - Class D</i>		
Distributions paid and payable (\$'000)	<u>12,920</u>	<u>14,873</u>
Distribution (Cents per unit - CPU)	<u>1.91</u>	<u>1.84</u>

### Distribution

Distributions of income generally occur quarterly with a final annual distribution as at 30 June each year. Realised capital gains are distributed only at 30 June each year. A detailed summary of the Distributions to unitholders for the year can be found in note 6 of the financial statements.

### Options

There were no options over interests in the Fund at any time during the year.

## Directors' report (continued)

### Significant changes in state of affairs

The Responsible Entity has elected for the Attribution Managed Investment Trust ("AMIT") rules to apply to the Fund, from 1 July 2017. The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for MITs and their investors.

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

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

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

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

### Likely developments and expected results of operations

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

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

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### Indemnity and insurance of officers and auditors

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

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 10 of the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 10 of the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in note 5 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in note 2 of the financial statements.

### Environmental regulation

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

## Directors' report (continued)

### Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated. Due to rounding, rounded components presented throughout the financial statements may not add up precisely to the rounded sum.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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



Director

Sydney  
25 September 2018



## Auditor's Independence Declaration

As lead auditor for the audit of Russell Investments Australian Cash Fund for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink, appearing to read 'Joe Sheeran', is written over a light blue horizontal line.

Joe Sheeran  
Partner  
PricewaterhouseCoopers

Sydney  
25 September 2018

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## Statement of comprehensive income

	Notes	Year ended	
		30 June 2018 \$'000	30 June 2017 \$'000
<b>Investment income</b>			
Interest income from financial assets not held at fair value through profit or loss		19,493	25,804
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	547	198
<b>Total investment income/(loss)</b>		<b>20,040</b>	<b>26,002</b>
<b>Expenses</b>			
Management fees	10	1,225	1,686
Responsible Entity's fees	10	154	193
Custody fees		263	221
Auditor's remuneration	9	31	30
Transaction costs		23	22
Other operating expenses		133	137
<b>Total operating expenses</b>		<b>1,829</b>	<b>2,289</b>
<b>Operating profit/(loss) for the year</b>		<b>18,211</b>	<b>23,713</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	6	(18,261)	(23,638)
(Increase)/decrease in net assets attributable to unitholders	5	50	(75)
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

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

## Statement of financial position

	Notes	As at	
		30 June 2018 \$'000	30 June 2017 \$'000
<b>Assets</b>			
Cash and cash equivalents	7	1,064,551	1,451,234
Receivables		<u>167</u>	<u>259</u>
<b>Total assets</b>		<u><b>1,064,718</b></u>	<u>1,451,493</u>
<b>Liabilities</b>			
Payables		38,928	13,938
Distributions payable to unitholders	6	<u>235</u>	<u>-</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u><b>39,163</b></u>	<u>13,938</u>
<b>Net assets attributable to unitholders - liability</b>	5	<u><b>1,025,555</b></u>	<u>1,437,555</u>

*The above Statement of financial position should be read in conjunction with the accompanying notes.*



**Statement of changes in equity**

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year</b>	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

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

## Statement of cash flows

	Notes	Year ended	
		30 June 2018 \$'000	30 June 2017 \$'000
<b>Cash flows from operating activities</b>			
Proceeds related to financial instruments held at fair value through profit or loss		143,936	50,000
Payments related to financial instruments held at fair value through profit or loss		(143,389)	(50,862)
Interest received/(paid)		19,579	27,018
Proceeds from receivables		110	3
Management fees paid		(1,311)	(1,590)
Responsible Entity fees paid		(158)	(190)
Payment of other expenses		(626)	(301)
<b>Net cash inflow/(outflow) from operating activities</b>	8(a)	<u>18,141</u>	<u>24,078</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		919,242	1,801,145
Payments for redemptions by unitholders		(1,323,715)	(1,556,156)
Distributions paid		(247)	(25)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(404,720)</u>	<u>244,964</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(386,579)</b>	269,042
Cash and cash equivalents at the beginning of the year		1,451,234	1,182,202
Effects of foreign currency exchange rate changes on cash and cash equivalents		(104)	(10)
<b>Cash and cash equivalents at the end of the year</b>	7	<u>1,064,551</u>	<u>1,451,234</u>
Non-cash financing activities	8(b)		

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

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## 1 General information

These financial statements cover Russell Investments Australian Cash Fund (the "Fund") as an individual entity. The Fund was constituted on 1 June 1998. The Fund will terminate on 31 May 2078 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Russell Investment Management Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 29, 135 King Street, Sydney, NSW 2000. The financial statements are presented in the Australian currency.

The Fund invests in assets such as cash deposits, bank bills, floating rate notes and other cash equivalent products as set out in the Fund's offer documents and in accordance with the provisions of the Fund's Constitution.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions.

The financial statements were authorised for issue by the directors of the Responsible Entity on 25 September 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all year presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Fund is a for-profit fund for the purpose of preparing the financial statements.

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

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

### *Compliance with International Financial Reporting Standards*

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments

#### (i) Classification

The Fund's investments are classified as at fair value through profit or loss, which comprise:

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

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold.

These are investments in interest rate securities.

Financial assets and financial liabilities 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 Fund's documented investment strategy. The Fund'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.

#### (ii) Recognition/derecognition

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

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

#### (iii) Measurement

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

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise. This also includes dividend expense on short sales of securities, which have been classified at fair value through profit or loss.

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

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognised the difference in the statement of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price.

### (c) Net assets attributable to unitholders

Units are redeemable at the 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 Fund is required to distribute its distributable income. The units can be put back to the Fund at any time for cash or in specie based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

## 2 Summary of significant accounting policies (continued)

### (d) Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments 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, if any, are shown within borrowings in the Statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

### (e) Investment income

Interest income is recognised in the Statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

In the event that the Fund currently incurs withholding tax imposed by certain countries on investment income, such income is recorded gross of withholding tax in the Statement of comprehensive income as distribution income.

Trust distributions are recognised on an entitlements basis as at the date the unit value is quoted ex-distribution.

### (f) Expenses

All expenses, including Responsible Entity's fees, management fees and custodian fees, are recognised in the Statement of comprehensive income on an accruals basis. The Responsible Entity is entitled under the Fund's Constitution to be reimbursed for certain expenses incurred in administering the Fund.

### (g) Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

### (h) Distribution to unitholders

In accordance with the Fund's Constitution, the Fund fully distributes its distributable (taxable) income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of comprehensive income as finance costs attributable to unitholders.

## 2 Summary of significant accounting policies (continued)

### (h) Distribution to unitholders (continued)

The distributions are generally payable at the end of September, December, March and June each year.

### (i) Increase/(decrease) 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 the Statement of comprehensive income as finance costs.

### (j) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian Dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian Dollar is also the Fund's presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income in other operating income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of comprehensive income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which are due to changes in foreign exchange rates from those that are due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

### (k) Receivables

Receivables may include amounts for interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of comprehensive income within other 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 expenses in the Statement of comprehensive income.

## 2 Summary of significant accounting policies (continued)

### (l) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the Statement of financial position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

### (m) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### (n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55% or 75%; hence investment management fees, custodial fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

### (o) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated. Due to rounding, rounded components presented throughout the financial statements may not add up precisely to the rounded sum.

### (p) New accounting standards and interpretations

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

#### (i) AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 July 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 July 2018 but is available for early adoption.

The directors have assessed the impact of AASB 9 on the Fund's financial statements. Given no debt instruments are held by the Fund, which could result in a reclassification of the financial instruments to amortised cost or fair value through other comprehensive income ('FVOCI'), the adoption of AASB 9 is not expected to have a significant impact on the recognition and measurement of the Fund's financial instruments.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting.



## 2 Summary of significant accounting policies (continued)

### (p) New accounting standards and interpretations (continued)

#### (ii) AASB 15 *Revenue from Contracts with Customers*, (effective from 1 July 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 Fund's main source of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

## 3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management process focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The risk management process operates at a number of levels. The Fund's Portfolio Manager determines and monitors the Fund's asset allocations based on Fund's guidelines and objectives.

### (a) Market risk

#### (i) Price risk

The majority of the Fund's directly held financial assets and liabilities are interest bearing securities. These have exposure primarily to interest rate movement and credit risk. The sensitivities on these instruments are reflected as component of interest rate risk, which are further explained and analysed in note 3(b).

#### (ii) Foreign exchange risk

The majority of the Fund's assets are cash deposits, bank bills, floating rate notes and other cash equivalent products denominated in Australian Dollars. Therefore, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of foreign exchange rates.

#### (iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund directly and indirectly invests in cash deposits, bank bills, floating rate notes and other cash equivalent products denominated in Australian Dollars. Derivatives may be employed for hedging and efficient portfolio management purposes.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Cash flow and fair value interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risks, excluding any exposure to interest rate futures. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

30 June 2018	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Assets</b>				
Cash and cash equivalents	1,064,551	-	-	1,064,551
Receivables	-	-	167	167
<b>Liabilities</b>				
Distributions payable	-	-	(235)	(235)
Payables	-	-	(38,928)	(38,928)
Net exposure	<u>1,064,551</u>	<u>-</u>	<u>(38,996)</u>	<u>1,025,555</u>

30 June 2017	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Assets</b>				
Cash and cash equivalents	1,321,482	129,752	-	1,451,234
Receivables	-	-	259	259
<b>Liabilities</b>				
Payables	-	-	(13,938)	(13,938)
Net exposure	<u>1,321,482</u>	<u>129,752</u>	<u>(13,679)</u>	<u>1,437,555</u>

An analysis of financial liabilities by maturities is provided in paragraph (d) on page 18.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, modified duration, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis (continued)

	Interest rate risk Impact on operating profit/Net assets attributable to unitholders	
	-273bps \$'000	+273bps \$'000
30 June 2018	(29,062)	29,062
30 June 2017	(18,015)	18,015

The sensitivity factors for 30 June 2017 were +/-135 bps for interest rate risk.

Some limitations of the sensitivity analysis above are:

1. The models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
2. The market price risk information is a relative estimate of risk rather than a precise and accurate number;
3. The market price information represents a hypothetical outcome and is not intended to be predictive; and future market conditions could vary significantly from those experienced in the past.

#### (c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

Credit risk primarily arises from investments in debt securities. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired. At the end of the reporting period the exposure to credit risk for cash and cash equivalents, deposits with banks and amounts due from brokers is considered low as all counterparties of the Fund have a rating of Investment Grade xx or higher (as determined by external credit rating agencies).

All cash at bank balances and bank overdrafts are held by the Custodian and Trustee through its affiliate, State Street Bank and Trust Company or through a sub-custodian. At the balance date the exposure to credit risk for cash and cash equivalents is considered low.

There were no significant concentrations of credit risk to counterparties as at 30 June 2018 or 30 June 2017.

#### (d) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. In addition, the Fund may restrict redemptions on a temporary basis as detailed in the Product Disclosure Statement. It therefore primarily holds investments that are traded in an active market and can be readily disposed.

The Fund delegates some of liquidity risk management to external Investment Managers where they monitor their liquidity positions on a daily basis. In addition, Russell Investment Management Ltd and underlying investment manager monitors the Fund's liquidity position on a daily basis.

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

##### (i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
<b>At 30 June 2018</b>					
Payables	38,928	-	-	-	-
Distributions payable	235	-	-	-	-
Net assets attributable to unitholders	<u>1,025,555</u>	-	-	-	-
Undiscounted contractual cash flows	<u>1,064,718</u>	-	-	-	-
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
<b>At 30 June 2017</b>					
Payables	13,938	-	-	-	-
Net assets attributable to unitholders	<u>1,437,555</u>	-	-	-	-
Undiscounted contractual cash flows	<u>1,451,493</u>	-	-	-	-

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

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Financial assets</b>		
Net gain/(loss) on financial assets designated at fair value through profit or loss	<u>547</u>	198
Net gains/(losses) on financial assets held at fair value through profit or loss	<u>547</u>	198
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>547</u>	198

## 5 Net assets attributable to unitholders

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

	30 June		Year ended	
	2018	30 June	30 June	30 June
	No.'000	No.'000	\$'000	\$'000
<b>Class A</b>				
Opening balance	669,829	443,136	689,114	456,036
Applications	290,933	527,522	300,095	545,983
Redemptions	(628,233)	(309,316)	(647,457)	(320,268)
Units issued upon reinvestment of distributions	4,722	8,487	4,859	8,740
Increase/(decrease) in net assets attributable to unitholders	-	-	(48)	(1,377)
Closing balance	<u>337,251</u>	<u>669,829</u>	<u>346,563</u>	<u>689,114</u>
<b>Class D</b>				
Opening balance	727,568	708,543	748,441	728,956
Applications	600,089	1,210,474	619,147	1,250,557
Redemptions	(679,274)	(1,205,881)	(701,514)	(1,247,397)
Units issued upon reinvestment of distributions	12,557	14,432	12,920	14,873
Increase/(decrease) in net assets attributable to unitholders	-	-	(2)	1,452
Closing balance	<u>660,940</u>	<u>727,568</u>	<u>678,992</u>	<u>748,441</u>
<b>Total net assets attributable to unitholders - liability</b>	<u><b>998,191</b></u>	<u><b>1,397,397</b></u>	<u><b>1,025,555</b></u>	<u><b>1,437,555</b></u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

There are two separate classes of units. Each unit within the same class has the same rights as all other units within that class. Except for different management fee rates, the two different classes have the same preferences and restrictions. Refer to note 10 for the applicable management fee rates.

### Capital risk management

The Fund 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 Fund is subject to daily applications and redemptions at the discretion of unitholders.

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

## 6 Distributions to unitholders

The distributions for the year were as follows:

	Year ended			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
<b>Class A</b>				
Distributions for the year	<u>5,341</u>	<u>1.55</u>	<u>8,765</u>	<u>1.52</u>
<b>Class D</b>				
Distributions for the year	<u>12,920</u>	<u>1.91</u>	<u>14,873</u>	<u>1.84</u>
<b>Total distributions for the year</b>	<u>18,261</u>		<u>23,638</u>	

At 30 June 2018, the above distributions for class A and class D include distribution payable amount of \$235,352 (2017: \$0) and \$0 (2017: \$0) respectively.

## 7 Cash and cash equivalents

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Cash at bank	5,526	13,042
Cash equivalents	987,339	1,281,904
Call accounts	<u>71,686</u>	<u>156,288</u>
	<u>1,064,551</u>	<u>1,451,234</u>

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

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Increase/(decrease) in net assets attributable to unitholders	(50)	75
Distributions to unitholders	18,261	23,638
Purchase of financial instruments held at fair value through profit or loss	(143,389)	(50,862)
Proceeds from sale of financial instruments held at fair value through profit or loss	143,936	50,000
Net (gains)/losses on financial instruments held at fair value through profit or loss	(547)	(198)
Net interest bought/(sold)	-	1,060
Net change in receivables	92	147
Net change in payables	(266)	208
Effects of foreign currency exchange rate changes on cash and cash equivalents	104	10
<b>Net cash inflow/(outflow) from operating activities</b>	<b>18,141</b>	<b>24,078</b>
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	17,779	23,613

As described in note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each period (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 9 Auditor's remuneration

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

	Year ended	
	30 June 2018 \$	30 June 2017 \$
<b>PricewaterhouseCoopers Australian firm</b>		
<i>Audit and other assurance services</i>		
Audit of financial statement and compliance plan audit	20,147	19,639
Total remuneration for audit and other assurance services	20,147	19,639
<i>Taxation services</i>		
Tax compliance services	10,432	10,362
Total remuneration for taxation services	10,432	10,362
Total remuneration of PricewaterhouseCoopers	30,579	30,001

## 10 Related party transactions

### Responsible Entity

Russell Investment Management Ltd (ABN 53 068 338 974), the responsible entity and manager of the Fund, is a wholly owned subsidiary of Russell Investment Group Pty Ltd (Australia) which is a wholly owned subsidiary within the Russell Investments Group of Companies with the parent entity of the Group owned by funds managed by TA Associates and Reverence Capital Partners, and also interests held by Russell Investments management.

The Responsible Entity is engaged in the business of providing investment management and administrative services on behalf of the Fund. It has appointed State Street Australia Limited to perform custody and certain administrative functions such as unit registry reporting and valuation services. To implement the multi-asset, multi-style, multi-manager diversification technique in relation to the Fund, the Responsible Entity will: (i) engage and, where necessary, replace the investment managers for the Fund; (ii) allocate assets among investment managers within the Fund; and (iii) monitor each investment manager's overall investment performance. For services rendered, the Fund pays the Responsible Entity a fee as discussed below.

The Responsible Entity retains the right under the terms of its agreements with the investment managers to direct them, subject to a requirement of best execution, to execute transactions that enable it to purchase brokerage and research services that assist in the provision of investment services to the Responsible Entity and are in the best interests of the unitholders. In addition, the investment managers may elect to purchase research services for their own benefit, subject to the best execution requirement. Brokerage and research services include (1) fundamental market research including performance characteristics of asset classes, investment styles, and allocation strategies; (2) advice either directly or indirectly through publications or writings as to the value of securities, the advisability of investing in, purchasing or selling securities and the availability of securities or of purchasers or sellers of securities; (3) analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and (4) effecting securities transactions and performing functions incidental thereto (such as clearance and settlement) or that are required in connection therewith.

The Responsible Entity has received the following goods and services from brokers and dealers generally over the period of these accounts:

- written and oral research reports from brokers or dealers;
- computer based financial analytical systems, together with their associated software and servicing support; and
- statistical analysis relating to markets, companies, industries, business and economic factors, market trends and portfolio strategies.

### Brokerage commissions

The Fund may effect portfolio transactions through an affiliate of the Responsible Entity, when an investment manager determines that a Fund will receive competitive execution, price, and commissions. No commissions were retained by affiliates of the Responsible Entity for the year ended 30 June 2018 (2017: \$Nil).



## 10 Related party transactions (continued)

### Key management personnel

#### (a) Directors

Key management personnel includes persons who were directors of Russell Investment Management Ltd at any time during the financial year as follows:

Peter Gunning  
Jodie Hampshire (appointed, effective 3 July 2018)  
Symon Parish  
Glenn Smith (resigned, effective 29 June 2018)  
Kenneth Willman  
Bronwyn Yates

#### (b) Other key management personnel

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

### Key management personnel unitholdings

No key management personnel of the Responsible Entity held units in the Fund as at 30 June 2018 (2017: Nil).

### Key management personnel compensation

Key management personnel are paid by Russell Investment Management Ltd. Payments made from the Fund to Russell Investment Management Ltd do not include any amounts directly attributable to the compensation of key management personnel.

### Key management personnel loan disclosures

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

### Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into any transaction with the Fund since the end of the previous financial year and there were no material balance involving directors' interests outstanding at year end.

### Responsible Entity's/manager's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive management fees and Responsible Entity's fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Fund as follows:

Russell Investments Australian Cash Fund - Class A - Management fee 0.313% (2017: 0.313%) per annum.

Russell Investments Australian Cash Fund - Class D - Management fee Nil% (2017: Nil%) per annum.

The Responsible Entity's fee is 0.013% (2017: 0.013%) per annum of the average daily net assets (excluding net assets attributable to unitholders) for 2018.

## 10 Related party transactions (continued)

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

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

	30 June 2018	30 June 2017
	\$	\$
Management fees for the year paid by the Fund	1,225,035	1,685,850
Responsible Entity's fees for the year paid by the Fund	153,713	192,552
Aggregate amounts payable to the Manager at the end of the reporting period	105,081	191,446
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	183,489	187,355

### Related party unitholdings

Parties related to the Fund (including Russell Investment Management Ltd, its affiliates and other schemes managed by, or under trusteeship of Russell Investment Management Ltd or its affiliates), held units in the Fund as follows:

#### 30 June 2018

Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Russell Investments Balanced Fund	-	240,379	246,941	0.02	48,909,328	48,668,949	76,646
Russell Investments Conservative Fund	16,084	23,775	24,424	0.00	8,049,081	8,041,390	1,399
Russell Investments Diversified 50 Fund	4,253,188	113,191	116,281	0.01	8,091,586	12,231,583	3,952
Russell Investments Growth Fund	-	13,074,026	13,430,947	1.31	17,366,393	4,292,367	133,029
Russell Investments Multi-Asset Growth Strategy Fund	233,288	3,919,672	4,026,679	0.39	10,601,222	6,914,838	36,598
Russell Investments Multi-Asset Growth Strategy Plus Fund	1,155,052	2,190,263	2,250,057	0.22	2,759,882	1,724,671	20,562
Russell Investments Multi-Asset Income Strategy Fund	1,202,864	403,096	414,101	0.04	2,150,437	2,950,205	10,541
Russell Investments Portfolio Series – Conservative	8,884	330,714	339,742	0.03	1,154,956	833,126	2,993
Russell Investments Portfolio Series – Balanced	5,936	693,937	712,881	0.07	2,532,169	1,844,168	6,193
TRM ATF Russell Investments Pooled Superannuation Trust	678,572,853	624,057,574	641,094,346	62.50	482,864,293	537,379,572	12,198,175
TRM ATF Russell SuperSolution Master Trust	8,868,351	-	-	-	3,647,124	12,515,475	39,359
Russell Investments Master Trust	-	14,085,424	14,469,956	1.41	17,612,010	3,526,586	201,598

## 10 Related party transactions (continued)

### Related party unitholdings (continued)

30 June 2017

Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Russell Investments Balanced Fund	24,712	-	-	-	132,219,661	132,244,373	344,107
Russell Investments Conservative Fund	90,229	16,084	16,546	-	47,607,997	47,682,142	127,432
Russell Investments Diversified 50 Fund	35,910	4,253,188	4,375,254	0.30	83,227,966	79,010,688	214,854
Russell Investments Growth Fund	7,915,140	-	-	-	66,041,622	73,956,762	163,290
Russell Investments High Growth Fund	27,796	-	-	-	10,598,347	10,626,143	21,197
Russell Investments Multi-Asset Growth Strategy Fund	-	233,288	239,983	0.02	35,544,174	35,310,886	138,418
Russell Investments Multi-Asset Growth Strategy Plus Fund	-	1,155,052	1,188,202	0.08	12,148,836	10,993,784	50,735
Russell Investments Multi-Asset Income Strategy Fund	-	1,202,864	1,237,386	0.09	4,832,245	3,629,381	12,157
Russell Investments Portfolio Series – Conservative	20,556	8,884	9,139	-	5,830,856	5,842,528	14,042
Russell Investments Portfolio Series – Balanced	16,713	5,936	6,106	-	11,115,537	11,126,314	25,007
Russell Investments Portfolio Series – Growth	609,533	-	-	-	7,404,879	8,014,412	12,127
TRM ATF Russell Investments Pooled Superannuation Trust	662,184,335	678,572,853	698,047,894	48.54	790,092,652	773,704,134	12,999,057
TRM ATF Russell SuperSolution Master Trust	11,057,581	8,868,351	9,123,760	0.63	2,106,311	4,295,541	147,585

### Investments

The Fund did not hold any investments in Russell Investment Management Ltd or its related parties during the year or at 30 June 2018 (2017: Nil).

## 11 Events occurring after the reporting period

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

## 12 Contingent assets and liabilities and commitments

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

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 26 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Director

Sydney  
25 September 2018



## *Independent auditor's report*

To the unitholders of Russell Investments Australian Cash Fund

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### *Our opinion*

In our opinion:

The accompanying financial report of Russell Investments Australian Cash Fund (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *What we have audited*

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the Directors' declaration.

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### *Basis for opinion*

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

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

### *Independence*

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

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### *Other information*

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Directors' Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors of the Responsible Entity for the financial report*

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

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

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

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



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'Joe Sheeran', written in a cursive style.

Joe Sheeran  
Partner

Sydney  
25 September 2018