

CC Marsico Global Fund

ARSN 610 434 896

**Annual Financial Statements
for the year ended 30 June 2019**

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Contents

	Page
Directors' report	2
Auditor's independence declaration	4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	24
Independent auditor's report to the unitholders of the CC Marsico Global Fund	25

These financial statements cover the CC Marsico Global Fund as an individual entity.

The Responsible Entity of the CC Marsico Global Fund is Channel Investment Management Limited (ABN 22 163 234 240). The Responsible Entity's registered office is Level 25, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000.

Directors' report

The directors of Channel Investment Management Limited, the Responsible Entity of the CC Marsico Global Fund (the "Fund"), present their report together with the financial statements of the Fund, for the year ended 30 June 2019.

Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The Fund seeks to invest in a carefully researched and actively managed portfolio generally holding between 35 and 65 different securities in accordance with the provisions of the Fund's Product Disclosure Statement and Fund Constitution. This diversification of investments helps to reduce the overall investment risk.

Marsico Capital Management, LLC is the Investment Manager of the Fund.

The Fund typically invests in global securities that are selected for their long-term growth potential. The Fund may invest in the securities of companies of any size that are economically tied to any countries or markets throughout the world, including emerging markets.

The Fund aims to deliver investors with returns that outperform the MSCI All Country World Index (ACWI) in Australian Dollars by 3% per annum over a 3 to 5 year period or a full market cycle.

The Fund did not have any employees during the year.

Directors

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

Mr G Holding
Ms K Youhanna
Mr S Jordan

The Responsible Entity has a Compliance Committee consisting of two independent persons and one non-independent person. This committee's role is to oversee the compliance requirements of the Fund operated by the Responsible Entity.

Review and results of operations

There have been no significant changes to the operations of the Fund since the beginning of the financial year. The Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

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

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Net operating profit/(loss) before financing costs attributable to unitholders	2,412	4,075

Significant changes in state of affairs

In the opinion of the directors, there were no 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 2019 that has significantly affected, or may significantly affect:

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

Directors' report (continued)

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 governing documents of the Fund.

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.

Indemnification and insurance of officers and auditors

Insurance cover provided to either the officers of Channel Investment Management Limited or the auditors of the Fund is paid by Channel Investment Management Limited and not out of the assets of the Fund. So long as the officers of Channel Investment Management Limited 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 13 of the financial statements.

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

There were no interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 12 of the financial statements.

The value of the Fund's assets and liabilities are 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 a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the annual financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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 4.

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



Ms K Youhanna
Director
Channel Investment Management Limited

Brisbane
19 September 2019



Auditor's Independence Declaration

As lead auditor for the audit of CC Marsico Global Fund for the year ended 30 June 2019, 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 black ink, appearing to read 'Ben Woodbridge', written in a cursive style.

Ben Woodbridge
Partner
PricewaterhouseCoopers

Brisbane
19 September 2019

Statement of comprehensive income

	Notes	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Investment income			
Dividend income		162	71
Interest income from financial assets at amortised cost		18	3
Net gains on financial instruments at fair value through profit or loss	5	2,510	4,174
Net gains on foreign exchange		9	34
Other income		2	-
Total net investment income		<u>2,701</u>	<u>4,282</u>
Expenses			
Management fees	13	198	137
Performance fees		-	9
Administration fees		66	46
Other operating expenses		25	15
Total operating expenses		<u>289</u>	<u>207</u>
Operating profit		<u>2,412</u>	<u>4,075</u>
Finance costs attributable to unitholders			
Distributions to unitholders	7	(963)	(311)
(Increase)/decrease in net assets attributable to unitholders	12	(1,449)	(3,764)
Profit/(loss) for the financial year		<u>-</u>	<u>-</u>
Other comprehensive income		-	-
Total comprehensive income for the financial year		<u>-</u>	<u>-</u>

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

Statement of financial position

	Notes	As at 30 June 2019 \$'000	As at 30 June 2018 \$'000
Assets			
Cash and cash equivalents	8	1,281	502
Receivables	10	27	119
Financial assets at fair value through profit or loss	9	23,989	15,551
Total assets		25,297	16,172
Liabilities			
Distribution payable		963	311
Payables	11	28	28
Total liabilities (excluding net assets attributable to unitholders)		991	339
Net assets attributable to unitholders - liability	12	24,306	15,833

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

Statement of changes in equity

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

The Fund classifies net assets attributable to unitholders as a liability rather than equity per the Australian Accounting Standards. As a result there was no equity at the start or end of the year.

Changes in net assets attributable to unitholders are disclosed in Note 12.

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 2019 \$'000	Year ended 30 June 2018 \$'000
Cash flows from operating activities			
Proceeds from sales of financial instruments held at fair value through profit or loss		14,747	10,651
Purchase of financial instruments held at fair value through profit or loss		(20,545)	(11,329)
Interest received		18	-
Dividends received		143	69
Other income received		2	-
Administration fees paid		(64)	(44)
Management fees paid		(191)	(131)
Performance fees paid		(9)	-
RITC (paid)/received		(2)	(1)
Other operating expenses paid		(25)	(15)
Net cash inflow/(outflow) from operating activities	14 (a)	<u>(5,926)</u>	<u>(800)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		7,181	1,031
Payments for redemptions by unitholders		(157)	(68)
Distributions paid		(311)	-
Net cash inflow/(outflow) from financing activities		<u>6,713</u>	<u>963</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		502	338
Effect of exchange rate fluctuations on cash and cash equivalents		(8)	1
Cash and cash equivalents at the end of the year	8, 14 (b)	<u>1,281</u>	<u>502</u>
Non-cash financing activities		-	-

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

Contents

	Page
1 General information	10
2 Summary of significant accounting policies	10
3 Financial risk management	14
4 Fair value measurements	17
5 Net gains on financial instruments at fair value through profit or loss	19
6 Auditor's remuneration	19
7 Distributions to unitholders	19
8 Cash and cash equivalents	20
9 Financial instruments at fair value through profit or loss	20
10 Receivables	20
11 Payables	20
12 Net assets attributable to unitholders	21
13 Related party transactions	22
14 Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities	23
15 Events occurring after the reporting date	23
16 Contingent assets and liabilities and commitments	23

1 General information

These financial statements cover the CC Marsico Global Fund (the "Fund") as an individual entity. The Fund was constituted on 6 November 2015, commenced operations on 11 December 2015 and registered as a managed investment scheme on 9 February 2016 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Channel Investment Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 25, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000. The financial statements are presented in the Australian currency.

The Responsible Entity is incorporated and domiciled in Australia.

Marsico Capital Management, LLC is the Investment Manager of the Fund.

The Fund seeks to invest in a carefully researched and actively managed portfolio generally holding between 35 and 65 different securities in accordance with the provisions of the Fund's Product Disclosure Statement and Fund Constitution. This diversification of investments help to reduce the overall investment risk.

The Fund typically invests in global securities that are selected for their long-term growth potential. The Fund may invest in the securities of companies of any size that are economically tied to any countries or markets throughout the world, including emerging markets.

The Fund aims to deliver investors with returns that outperform the MSCI All Country World Index (ACWI) in AUD by 3% per annum over a 3 to 5 year period or a Full Market Cycle.

The financial statements were authorised for issue by the directors of the Responsible Entity on 19 September 2019. The directors of the Responsible Entity have the power to amend and re-issue the financial statements after they have been issued.

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 the period 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, interpretations issued by the Accounting Standard Board and the *Corporations Act 2001* in Australia. The CC Marsico Global Fund is a for-profit unit trust 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 generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled in relation to these balances cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards (IFRS)

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

(ii) New and amended standards adopted by the Fund

The Fund applied, for the first time, AASB 9 *Financial Instruments* ("AASB 9") and AASB 15 *Revenue from Contracts with Customers* ("AASB 15") that require restatement of previous financial statements. The nature and effect of these changes are disclosed below:

- AASB 9 *Financial Instruments (and applicable amendments)* (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Under the new requirements the four current categories of financial assets have been replaced with two measurement categories: fair value and amortised cost, and financial assets will only be measured at amortised cost where specific conditions are met. The derecognition rules have not been changed from the previous requirements. The adoption of AASB 9 did not have a significant impact on the recognition and measurement of the Fund's financial instruments as these continue to be measured at fair value through profit or loss.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards adopted by the Fund (continued)

AASB 9 also included new hedge accounting requirements and an expected-loss impairment model that requires credit losses to be recognised on more timely basis. The Fund does not apply hedge accounting and there was no material impact on adoption from the application of the new impairment model.

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

AASB 15 replaced AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 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 sources of income are interest, dividends and distributions, and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, AASB 15 did not have a material impact on the Fund's accounting policies nor the amounts recognised in the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2018 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial instruments

(i) Classification

The Fund's investments are categorised as at fair value through profit or loss. They comprise:

Financial assets and financial liabilities 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 they become party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset is derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expires.

(iii) Measurement

(a) Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and financial liabilities at its fair value.

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 at fair value through profit or loss in the period in which they arise.

Further details on how the fair values of financial instruments are determined are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

(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 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.

(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 with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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

(i) Interest income

Interest income is recognised in profit or loss for all financial instruments that are not 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.

(ii) Dividend and Distributions

Dividend income is recognised on the ex-dividend date net of any related foreign withholding tax. 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.

(f) Expenses

Any expenses which are paid by the unitholder from Fund assets are included in the Fund's financial statements and recognised in the profit or loss on an accruals basis. Any expenses that are paid directly to the Responsible Entity and/or Investment Manager by the unitholder as per the terms of individual agreements are not recognized in the Fund's financial statements.

(g) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

(h) Distributions

In accordance with the Fund's Constitution, the Fund distributes its distributable (taxable) income, and any other 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)

(i) Foreign currency transactions

(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 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 the statement of within net gains/(losses) on financial instruments held at fair value through profit or loss in the statement of comprehensive income on a net basis.

(j) 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.

(k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. Trades are recorded on trade date, and for equities normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(l) Receivables

Receivables may include amounts for dividends, 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.

Receivables include such items as Reduced Input Tax Credits (RITC).

(m) Payables

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

As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(n) 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.

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, 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 75% hence management fees, administration 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.

2 Summary of significant accounting policies (continued)

(p) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

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 assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

The adoption of AASB 9 introduced a new expected credit loss (ECL) impairment model, which has not materially impacted the fund. Please see Note 3 for more information on credit risk.

(q) Rounding of amounts

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Financial risk management

(a) Objectives, strategies, policies and processes

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

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

As part of its risk management strategy, the Fund uses derivatives and other investments, including share price futures, to manage exposures resulting from changes in equity price risks, and exposures arising from forecast transactions. The methods are explained below.

(b) Market risk

(i) Price risk

Equity price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Equity price risk exposure arises from the Fund's investment portfolio. The investments are classified on the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board. The Fund's overall market positions are monitored on a daily basis by the Fund's Investment Manager. Compliance with the Fund's Product Disclosure Statement is reported to the Board monthly.

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

Net assets attributable to unitholders include investments in equity securities and related derivatives. At 30 June 2019 and 30 June 2018, the overall market exposures were as follows:

	As at 30 June 2019 \$'000	As at 30 June 2018 \$'000
Securities at fair value through profit or loss	23,989	15,551
Total	23,989	15,551

Summarised sensitivity analysis

The following summarises the sensitivity of the Fund's operating profit 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 regards to a number of factors, including 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 variation in risk variables should not be used to predict future variation in the risk variables.

At 30 June 2019, if the equity prices had increased by 5% (2018: 5%) with all other variables held constant, this would have increased net assets attributable to unitholders (and net operating profit/(loss)) by approximately \$1,199,450 (2018: \$777,550). Conversely, if the equity prices had decreased by 5% (2018: 5%), this would have decreased net assets attributable to unitholders (and net operating profit/(loss)) by approximately \$1,199,450 (2018: \$777,550).

(ii) Foreign currency risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities. Currency risk may be reduced by the use of cross-country swap, foreign exchange forwards and spot contracts. The table below distinguishes between monetary and non-monetary items to satisfy the requirements in AASB 7.

The table below summarises the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

	USD \$'000	EUR \$'000	HKD \$'000	Other Currencies (excluding AUD) \$'000	Total Currency Exposure \$'000
30 June 2019					
Monetary					
Cash and cash equivalents	1,242	-	-	-	1,242
Receivables	-	21	-	-	21
Total monetary	1,242	21	-	-	1,263
Non-monetary					
Financial assets at fair value through profit or loss	16,696	5,650	661	942	23,949
Total non-monetary	16,696	5,650	661	942	23,949
Net currency exposure	17,938	5,671	661	942	25,212

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign currency risk (continued)

30 June 2018	USD	EUR	HKD	Other Currencies (excluding AUD)	Total Currency Exposure
Assets					
Cash and cash equivalents	471	-	-	8	479
Receivables	114	-	-	2	116
Total monetary	585	-	-	10	595
Non-monetary					
Financial assets at fair value through profit or loss	11,009	2,592	759	707	15,067
Total non-monetary	11,009	2,592	759	707	15,067
Net currency exposure	11,594	2,592	759	717	15,662

The following table demonstrates the sensitivity of the Fund's Statement of Comprehensive Income to a reasonable change in foreign exchange rates, with all other variables held constant.

Currency	Change in foreign exchange rate increase/(decrease)	Effect on net profit and net assets increase/(decrease) attributable to unitholders ('000)
Year ended 30 June 2019		
US Dollar	10%/(10%)	1,794/(1,794)
Euro	10%/(10%)	567/(567)
Hong Kong Dollar	10%/(10%)	66/(66)
Other currencies	10%/(10%)	94/(94)
Year ended 30 June 2018		
US Dollar	10%/(10%)	1,159/(1,159)
Euro	10%/(10%)	259/(259)
Hong Kong Dollar	10%/(10%)	76/(76)
Other currencies	10%/(10%)	45/(45)

(iii) Cash flow and interest rate risk

The majority of the Fund's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund holds no collateral as security or any other credit enhancement. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

Credit risk is not considered to be significant to the Fund.

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Whilst the Fund is exposed to assets traded on international exchanges and may, from time to time invest in exchange traded derivative contracts which are both generally considered liquid, under extreme market conditions there is a risk that investments cannot be readily converted into cash or at an appropriate price. In these circumstances, the Fund may be unable to liquidate sufficient assets to meet its obligations within required timeframes, including payment of withdrawals, or it may be required to sell assets at a substantial loss in order to do so.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The Fund is exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis.

Maturity analysis for 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 the contractual undiscounted cash flows.

At 30 June 2019	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	12-60 months \$'000
Accrued expenses	28	-	-	-
Distribution payable	963	-	-	-
Net assets attributable to unitholders - liability	24,306	-	-	-
Contractual cash flows (excluding derivatives)	25,297	-	-	-
At 30 June 2018				
Accrued expenses	28	-	-	-
Distribution payable	311	-	-	-
Net assets attributable to unitholders - liability	15,833	-	-	-
Contractual cash flows (excluding derivatives)	16,172	-	-	-

4 Fair value measurements

The Fund measures and recognises Financial assets/liabilities at fair value through profit or loss (FVPL) on a recurring basis.

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

Classification of financial assets and financial liabilities

The Fund classifies fair value measurements using a fair value hierarchy 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 or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

4 Fair value measurements (continued)

(a) Fair value in an active market (Level 1) (continued)

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

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

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

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

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

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 the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018:

At 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
<i>Designated at fair value through profit or loss</i>				
International listed equities	23,989	-	-	23,989
Total financial assets	23,989	-	-	23,989
At 30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
<i>Designated at fair value through profit or loss</i>				
Domestic listed equities	485	-	-	485
International listed equities	15,066	-	-	15,066
Total financial assets	15,551	-	-	15,551

5 Net gains on financial instruments at fair value through profit or loss

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Net unrealised gains on financial assets at fair value through profit or loss	841	2,761
Net realised gains on financial assets at fair value through profit or loss	1,669	1,413
Total net gains on financial instruments at fair value through profit or loss	2,510	4,174

6 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 2019 \$	Year ended 30 June 2018 \$
PricewaterhouseCoopers Australia firm		
Audit and other assurance services		
Audit and review of financial statements	12,000	11,500
Audit of compliance plan	9,000	6,500
Total remuneration for audit and other assurance services	21,000	18,000

The fees for audit and other assurance services are paid by the Responsible Entity out of the administration fee that they earn.

7 Distributions to unitholders

Timing of distributions

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2019 \$'000	30 June 2019 CPU	30 June 2018 \$'000	30 June 2018 CPU
Distributions - Wholesale				
June (payable)	918	5.95	296	2.89
Total distributions	918	5.95	296	2.89
	Year ended		Year ended	
	30 June 2019 \$'000	30 June 2019 CPU	30 June 2018 \$'000	30 June 2018 CPU
Distributions - Retail				
June (payable)	45	8.50	15	2.40
Total distributions	45	8.50	15	2.40
Total distributions	963		311	

8 Cash and cash equivalents

	As at 30 June 2019 \$'000	As at 30 June 2018 \$'000
Cash at bank	1,281	502
Total cash and cash equivalents	1,281	502

9 Financial instruments at fair value through profit or loss

	As at 30 June 2019 \$'000	As at 30 June 2018 \$'000
Financial assets		
<i>At fair value through profit or loss</i>		
Domestic listed equities	-	485
International listed equities	23,989	15,066
Total financial assets at fair value through profit or loss	23,989	15,551
Total financial instruments at fair value through profit or loss	23,989	15,551

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Notes 3 and 4 to the financial statements.

10 Receivables

	As at 30 June 2019 \$'000	As at 30 June 2018 \$'000
Due from brokers - receivable for securities sold	-	113
Accrued income	21	2
GST receivable	6	4
Total receivables	27	119

11 Payables

	As at 30 June 2019 \$'000	As at 30 June 2018 \$'000
Accrued expenses	28	28
Total payables	28	28

12 Net assets attributable to unitholders

As stipulated in the Fund 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. The Constitution of the Fund allows the Responsible Entity to issue different classes of units with special rights or restrictions. In these instances, the Corporations Act requires the Responsible Entity to treat all investors within a class of units equally and investors in different classes fairly.

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

	Year ended 30 June 2019		Year ended 30 June 2018	
	Units '000	\$ '000	Units '000	\$ '000
Wholesale - Class				
Net assets attributable to unitholders				
Opening balance	10,250	14,728	10,144	11,048
Applications	4,976	6,880	106	134
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	204	296	-	-
Increase/(decrease) in net assets attributable to unitholders	-	1,550	-	3,546
Closing balance	15,430	23,454	10,250	14,728
Retail - Class				
Net assets attributable to unitholders				
Opening balance	631	1,105	55	58
Applications	-	-	626	897
Redemptions	(108)	(157)	(50)	(68)
Units issued upon reinvestment of distributions	3	5	-	-
Increase/(decrease) in net assets attributable to unitholders	-	(101)	-	218
Closing balance	526	852	631	1,105
Total				
Net assets attributable to unitholders				
Opening balance	10,881	15,833	10,199	11,106
Applications	4,976	6,880	732	1,031
Redemptions	(108)	(157)	(50)	(68)
Units issued upon reinvestment of distributions	207	301	-	-
Increase/(decrease) in net assets attributable to unitholders	-	1,449	-	3,764
Closing balance	15,956	24,306	10,881	15,833

Capital risk management

The Fund manages 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.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. The Fund's strategy is to hold a certain portion of the net assets attributable to unitholders in liquid investments. Liquid assets include cash and cash equivalents and listed equities. 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.

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. For the year ended 30 June 2019, there were two separate classes of units and each unit has the same right attaching to it as all other units in the same class of the Fund. Wholesale class and Retail class units are both entitled to being notified of any general meetings regarding of the fund, voting rights and dividends. The difference between the class units is in regards to fees as outlined in the Product Disclosure Statement and Information Memorandum.

13 Related party transactions

(a) Responsible entity

The Responsible Entity of the CC Marsico Global Fund is Channel Investment Management Limited.

(b) Directors

The key management personnel of Channel Investment Management Limited who were directors at any time during the financial year were as follows:

Name

Mr G Holding
Ms K Youhanna
Mr S Jordan

(c) Other key management personnel

Marsico Capital Management, LLC is the Investment Manager of the Fund.

The key management personnel of Marsico Capital Management, LLC during the financial year were as follows:

Name

Mr T Marsico
Mr C Marsico
Mr N Gloude
Mr T Kerwin
Mr S Carlson

(d) Transactions with key management personnel

The following fees are charged by the Responsible Entity:

(i) Management fees (base fee)

The current management fee is up to 1.25% per annum (including GST less RITC).

The management fee is calculated and accrued daily and is paid monthly in arrears.

Fund expenses are also reflected in the management fee noted above. These expenses include registry, administration and custodian, accounting, audit and legal costs. If extraordinary or unusual expenses are incurred the Responsible Entity may choose to recover these costs from the Fund and this will be reflected in the unit price.

Performance Fees are payable in relation to the performance of the Fund as a whole during each year and do not necessarily reflect the performance of any individual investor's investment.

A Performance fee is payable if the Fund's investment performance exceeds the benchmark. Performance fee payable is equal to 10% per annum (including the net effect of GST and RITC) of the outperformance of the benchmark (net of the base fee).

The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity and the Investment Manager were as follows:

	Year ended 30 June 2019	Year ended 30 June 2018
	\$	\$
Management fees for the year paid/payable by the Fund	198,437	136,612
Aggregate amount payable from the Fund to the Responsible Entity at the reporting date	21,325	13,993

Related party Fund's unitholdings

Parties related to the Fund (including Marsico Capital Management, LLC and Channel Investment Management Limited, their related parties and other Funds managed by Marsico Capital Management, LLC and Channel Investment Management Limited) held units in the Fund as follows:

There were no related party unitholders who had an interest in the Fund during the years ended 30 June 2019 and 30 June 2018.

13 Related party transactions (continued)

Key management personnel compensation

Key management personnel are paid by Channel Capital Pty Limited, the parent entity of Channel Investment Management Limited. Payments made from the Fund to Channel Investment Management Limited do not include any amounts directly attributable to key management personnel remuneration.

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

From time to time directors of Channel Investment Management Limited or their director related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors and are trivial in nature.

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity have entered into a material contract with the Fund during the period and there were no material contracts involving directors' interests existing at period end.

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

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
(a) Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities		
Net profit for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	1,449	3,764
Distributions to unitholders	963	311
Proceeds from sale of financial instruments held at fair value through profit or loss	14,747	10,651
Purchase of financial instruments held at fair value through profit or loss	(20,545)	(11,329)
Net gains on financial instruments held at fair value through profit or loss	(2,510)	(4,174)
Net gains/(losses) on foreign exchange	(9)	(34)
(Increase)/decrease in receivables	(21)	(3)
Increase in payables	-	14
Net cash inflow/(outflow) from operating activities	(5,926)	(800)
(b) Components of cash and cash equivalents		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	1,281	502
Non-cash financing activities	-	-
	1,281	502

15 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 as disclosed in the statement of financial position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2019 and 30 June 2018.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, *the Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its performance for the financial year ended on that date.
- (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.

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.



Ms K Youhanna
Director
Channel Investment Management Limited

Brisbane
19 September 2019



Independent auditor's report

To the unitholders of CC Marsico Global Fund

Our opinion

In our opinion:

The accompanying annual financial statements of CC Marsico Global 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 2019 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 annual financial statements comprises:

- the statement of financial position as at 30 June 2019
- 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 of the Responsible Entity's declaration.

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 annual financial statements* 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 annual financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2019, including the Directors' report, but does not include the annual financial statements and our auditor's report thereon.

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Our opinion on the annual financial statements 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 annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements 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.

Responsibilities of the directors of the Responsible Entity for the annual financial statements

The directors of the Responsible Entity of the Registered Scheme are responsible for the preparation of the annual financial statements 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 annual financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, 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.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements 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 annual financial statements.

A further description of our responsibilities for the audit of the annual financial statements 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.

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

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Ben Woodbridge' in a cursive script.

Ben Woodbridge
Partner

Brisbane
19 September 2019