

**Talaria Global Equities
Managed Investment Schemes**

**Annual report
For the year ended 30 June 2022**

**Talaria Global Equity Fund
ARSN 132 393 705**

**Talaria Global Equity Fund - Currency Hedged (Managed Fund) (formerly Talaria Global Equity Fund - Hedged)
ARSN 159 504 275**

**Talaria Global Equities
Managed Investment Schemes
Annual report
For the year ended 30 June 2022**

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**Talaria Global Equities
Managed Investment Schemes
Directors' report
30 June 2022**

Directors' report

The directors of Australian Unity Funds Management Limited (ABN 60 071 497115), the "Responsible Entity" of the Talaria Global Equities Managed Investment Schemes (the "Schemes"), listed below, present their report together with the financial statements of the Schemes for the financial year ended 30 June 2022.

Scheme name	ARSN
Talaria Global Equity Fund	132 393 705
Talaria Global Equity Fund - Currency Hedged (Managed Fund) (formerly Talaria Global Equity Fund - Hedged)	159 504 275

Directors

The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report (unless otherwise stated):

Rohan Mead	Chairman and Group Managing Director
Esther Kerr-Smith	Chief Executive Officer, Wealth and Capital Markets
Darren Mann	Group Executive Finance & Strategy and Chief Financial Officer

Principal activities

The Schemes invest in accordance with the investment policy of the Schemes as set out in their respective Product Disclosure Statement (PDSs) and in accordance with the Schemes' Constitutions.

The Schemes' assets are managed by Talaria Asset Management Pty Ltd.

Review and results of operations

For the years ended 30 June 2022 and 30 June 2021 the Schemes posted total returns as follows¹:

	2022			2021		
	Total Return %	Distribution Return %	Growth Return %	Total Return %	Distribution Return %	Growth Return %
Talaria Global Equity Fund (Foundation)	8.12	6.43	1.69	17.76	7.99	9.77
Talaria Global Equity Fund (Managed Fund)	9.10	7.34	1.76	17.35	7.49	9.86
Talaria Global Equity Fund - Currency Hedged (Managed Fund)	6.53	6.60	(0.07)	23.89	12.59	11.30

Unit prices (ex distribution) as at 30 June were as follows^{1 and 4}:

	2022 \$	2021 \$
Talaria Global Equity Fund (Foundation)	5.0013	0.9836
Talaria Global Equity Fund (Managed Fund)	4.6553	0.9149
Talaria Global Equity Fund - Currency Hedged (Managed Fund)	5.2022	1.0412

¹ The reported performance numbers and the reported unit prices (which are not audited) have been derived based on the declared unit prices calculated in accordance with the Responsible Entity's unit pricing policy and are not based on the net assets of these IFRS compliant financial statements. Return calculations assume reinvestment of distributions.

⁴ On 18 October 2021, the number of units in the Scheme was consolidated in the ratio of 5:1 and any fractional balance was removed. This means that the number of units held by investors were consolidated by a factor of five, but the unit price has increased proportionally so that the market value of the investors' holding remains unchanged as a result of the consolidation.

**Talaria Global Equities
Managed Investment Schemes
Directors' report
30 June 2022
(continued)**

Directors' report (continued)

Review and results of operations (continued)

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

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) before finance costs attributable to unitholders	43,538	64,382	3,459	7,966
<i>Distributions</i>				
Distributions paid and payable	39,711	26,966	4,982	4,619

Significant changes in the state of affairs

On 18 October 2021, Talaria Global Equity Fund - Hedged changed its name to Talaria Global Equity Fund - Currency Hedged (Managed Fund).

On 18 October 2021, the number of units in the Talaria Global Equity Fund and Talaria Global Equity Fund - Currency Hedged (Managed Fund) was consolidated in the ratio of 5:1 and any fractional balance was removed. This means that the number of units held by investors were consolidated by a factor of five, but the unit price has increased proportionally so that the market value of the investors' holding remains unchanged as a result of the consolidation.

On 11 November 2021, the Talaria Global Equity Fund and Talaria Global Equity Fund - Currency Hedged (Managed Fund) launched as an active Exchange Traded Fund ("ETF") by quoting on Cboe Australia Pty Ltd ("Cboe Australia"). Investors are now able to apply and redeem units either on-market with Cboe Australia, or off-market by applying to the Responsible Entity directly. This is known as the dual access method.

Under Cboe Australia's Operating rules, the Responsible Entity has certain obligations in respect of the Schemes, including to facilitate an orderly and liquid market. The Responsible Entity has appointed a market maker to maintain a continuous liquidity in the market by acting as a buyer and seller to the secondary market ("Market Maker"). A Market Maker will apply for and redeem units from the Schemes as required to hold an inventory of units enabling it to provide buy and sell prices to the secondary market, while also potentially hedging their underlying positions.

In the opinion of the directors, there were no other significant changes in the state of the affairs of the Schemes that occurred during the year, except those mentioned elsewhere in the report.

Events occurring after end of the year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the operations of the Schemes, the results of operations, or the state of the Schemes' affairs in future reporting periods, except those mentioned elsewhere in the report.

Likely developments and expected results of operations

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

Further information on likely developments in the operations of the Schemes 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 Schemes.

**Talaria Global Equities
Managed Investment Schemes
Directors' report
30 June 2022
(continued)**

Directors' report (continued)

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Schemes in regards to insurance cover provided to either the officers of Australian Unity Funds Management Limited or the auditors of the Schemes. So long as the officers of Australian Unity Funds Management Limited act in accordance with the Schemes' Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Schemes against losses incurred while acting on behalf of the Schemes. The auditors of the Schemes are in no way indemnified out of the assets of the Schemes.

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

Fees paid to the Responsible Entity and its associates out of the Schemes property during the year are disclosed in Note 14 to the financial statements.

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

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

Units in the Schemes

The movement in units on issue in the Schemes during the year are disclosed in Note 4 to the financial statements.

The value of the Schemes' assets and liabilities are disclosed in the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The Schemes operations are not subject to environmental regulations under Australian law.

Rounding of amounts

The Schemes are entities of the kind referred to in *ASIC Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars, where indicated.

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 6.

Related Scheme Reports

ASIC Corporations (Related Scheme Reports) Instrument 2015/839 allows the Financial Statements and the Directors' Report of related registered schemes to be presented in a single financial report. This financial report has been prepared in accordance with this relief.

**Talaria Global Equities
Managed Investment Schemes
Directors' report
30 June 2022
(continued)**

Directors' report (continued)

Signed in accordance with a resolution of the directors of Australian Unity Funds Management Limited.



Rohan Mead
Director



Esther Kerr-Smith
Director
21 September 2022



Auditor's Independence Declaration

- Talaria Global Equity Fund
- Talaria Global Equity Fund – Currency Hedged (Managed Fund) (formerly Talaria Global Equity Fund - Hedged)

referred to collectively as Talaria Global Equities Managed Investment Schemes.

As lead auditor for the audit of Talaria Global Equities Managed Investment Schemes for the year ended 30 June 2022, 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 that reads 'Britt Hawkins'.

Britt Hawkins
Partner
PricewaterhouseCoopers

Melbourne
21 September 2022

**Talaria Global Equities
Managed Investment Schemes
Statements of comprehensive income
For the year ended 30 June 2022**

Statements of comprehensive income

	Notes	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Investment income					
Interest income		68	5	-	-
Dividend income		7,712	4,973	-	-
Distribution income		454	759	4,558	2,639
Net foreign exchange gain/(loss)		8,494	(9,599)	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss		36,055	74,748	(1,034)	5,358
Other income		-	-	738	484
Total investment income/(loss)		52,783	70,886	4,262	8,481
Expenses					
Management costs	14	6,464	4,680	803	515
Performance fees	14	662	244	-	-
Interest expenses		515	619	-	-
Transaction costs		1,601	961	-	-
Other operating expenses		3	-	-	-
Total expenses		9,245	6,504	803	515
Profit before finance costs attributable to unitholders		43,538	64,382	-	-
Profit/(loss) for the year		-	-	3,459	7,966
Other comprehensive income		-	-	-	-
Finance costs attributable to unitholders					
Distributions to unitholders ^{2 and 3}	5	(39,711)	(26,966)	-	-
(Increase)/decrease in net assets attributable to unitholders ^{2 and 3}	4	(3,827)	(37,416)	-	-
Total comprehensive income attributable to unitholders		-	-	3,459	7,966

² Talaria Global Equity Fund - Currency Hedged (Managed Fund) has elected into the Attribution Managed Investment Trust (AMIT) regime. Hence distribution to unitholders as well as (increase)/decrease in net assets attributable to unitholders are not recognised as finance costs attributable to unitholders in the statement of comprehensive income and net assets attributable to unitholders are recognised as equity in the statement of financial position. Refer to Note 2(c).

³ Talaria Global Equity Fund classifies the net assets attributable to unitholders as liability as they do not satisfy the equity criteria under AASB 132 Financial Instruments: Presentation as per Note 2(c).

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

**Talaria Global Equities
Managed Investment Schemes
Statements of financial position
As at 30 June 2022**

Statements of financial position

	Notes	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets					
Cash and cash equivalents	6	406,806	238,816	4,339	1,900
Receivables	12	2,255	2,146	2,858	1,309
Financial assets at fair value through profit or loss	7	258,348	221,415	77,144	46,256
Total assets		667,409	462,377	84,341	49,465
Liabilities					
Distributions payable	5	16,123	10,330	3,984	2,954
Payables	13	1,007	1,193	116	65
Financial liabilities at fair value through profit or loss	8	5,583	4,550	1,882	1,014
Total liabilities (excluding net assets attributable to unitholders)		22,713	16,073	5,982	4,033
Net assets attributable to unitholders - equity²	4	-	-	78,359	45,432
Net assets attributable to unitholders - liability³	4	644,696	446,304	-	-

² Talaria Global Equity Fund - Currency Hedged (Managed Fund) has elected into the Attribution Managed Investment Trust (AMIT) regime. Hence distribution to unitholders as well as (increase)/decrease in net assets attributable to unitholders are not recognised as finance costs attributable to unitholders in the statement of comprehensive income and net assets attributable to unitholders are recognised as equity in the statement of financial position. Refer to Note 2(c).

³ Talaria Global Equity Fund classifies the net assets attributable to unitholders as liability as they do not satisfy the equity criteria under AASB 132 Financial Instruments: Presentation as per Note 2(c).

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

**Talaria Global Equities
Managed Investment Schemes
Statement of changes in net assets attributable to unitholders - liability
For the year ended 30 June 2022**

Statement of changes in net assets attributable to unitholders - liability

	Talaria Global Equity Fund	
	2022	2021
	\$'000	\$'000
Balance at the beginning of the year	446,304	364,661
Profit before finance costs attributable to unitholders	43,538	64,382
Distributions to unitholders	(39,711)	(26,966)
Applications	244,779	121,221
Redemptions	(61,059)	(90,543)
Units issued upon reinvestment of distributions	10,845	13,549
Balance at the end of the year³	644,696	446,304

³ Talaria Global Equity Fund classifies the net assets attributable to unitholders as liability as they do not satisfy the equity criteria under AASB 132 Financial Instruments: Presentation as per Note 2(c).

The above statement of changes in net assets attributable to unitholders - liability should be read in conjunction with the accompanying notes.

**Talaria Global Equities
Managed Investment Schemes
Statements of changes in equity
For the year ended 30 June 2022**

Statements of changes in equity

	Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022	2021
	\$'000	\$'000
Balance at the beginning of the year	45,432	37,908
Comprehensive income for the year		
Profit for the year	<u>3,459</u>	7,966
Total comprehensive income	<u>3,459</u>	<u>7,966</u>
Transactions with unitholders		
Applications	40,799	16,892
Redemptions	(6,917)	(13,590)
Units issued upon reinvestment of distributions	568	875
Distributions paid and payable	<u>(4,982)</u>	<u>(4,619)</u>
Total transactions with unitholders	<u>29,468</u>	<u>(442)</u>
Balance at the end of the year ^{2 and 3}	<u>78,359</u>	<u>45,432</u>

² Talaria Global Equity Fund - Currency Hedged (Managed Fund) has elected into the Attribution Managed Investment Trust (AMIT) regime. Hence distribution to unitholders as well as (increase)/decrease in net assets attributable to unitholders are not recognised as finance costs attributable to unitholders in the statement of comprehensive income and net assets attributable to unitholders are recognised as equity in the statement of financial position. Refer to Note 2(c).

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

**Talaria Global Equities
Managed Investment Schemes
Statements of cash flows
For the year ended 30 June 2022**

Statements of cash flows

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022	2021	2022	2021
Notes	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Proceeds from sales of financial instruments at fair value through profit or loss	253,231	74,077	210	10,656
Payments for purchase of financial instruments at fair value through profit or loss	(253,076)	(94,294)	(27,551)	(10,470)
Interest received from financial assets at amortised cost	(44)	(42)	-	-
Dividends received	7,968	4,487	-	-
Distributions received	415	815	-	-
Interest expense paid	(515)	(619)	-	-
GST received/(paid)	423	269	-	2
Other income received	-	-	716	478
Management costs paid	(6,726)	(4,897)	(769)	(509)
Performance management fees paid	(752)	(154)	-	-
Transaction costs paid	(1,601)	(961)	-	-
Other expenses paid	(3)	-	-	-
Net cash inflow/(outflow) from operating activities	(680)	(21,319)	(27,394)	157
Cash flows from financing activities				
Proceeds from applications by unitholders	244,589	121,053	40,117	16,748
Payments for redemptions by unitholders	(61,340)	(90,800)	(6,900)	(13,583)
Distributions paid to unitholders	(23,073)	(19,156)	(3,384)	(2,400)
Net cash inflow/(outflow) from financing activities	160,176	11,097	29,833	765
Net increase/(decrease) in cash and cash equivalents	159,496	(10,222)	2,439	922
Cash and cash equivalents at the beginning of the year	238,816	258,637	1,900	978
Effect of foreign currency exchange rate changes on cash and cash equivalents	8,494	(9,599)	-	-
Cash and cash equivalents at the end of the year	406,806	238,816	4,339	1,900
Non-cash operating and financing activities	10,845	13,549	4,281	4,043

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

**Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022**

Notes to the financial statements

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Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

1 General information

These financial statements cover the below funds (together the "Schemes"):

- Talaria Global Equity Fund was constituted on 1 January 2005.
- Talaria Global Equity Fund - Currency Hedged (Managed Fund) was constituted on 9 July 2012.

The Responsible Entity of the Schemes is Australian Unity Funds Management Limited (ABN 60 071 497 115) (the "Responsible Entity"), a wholly owned subsidiary of Australian Unity Limited (ABN 23 087 648 888). The Responsible Entity's registered office is Level 15, 271 Spring Street, Melbourne, VIC 3000.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are for the financial year 1 July 2021 to 30 June 2022.

The financial statements were authorised for issue by the directors of the Responsible Entity on 21 September 2022. 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 years presented, unless otherwise stated. Where appropriate, comparatives have been reclassified to enhance comparability with current year disclosures.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The Schemes are a for-profit entity for the purposes of preparing financial statements.

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

The statements of financial position are 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 12 months, except for investments in financial assets and net assets attributable to unitholders.

The Schemes manage 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 balance date.

(i) Compliance with Australian Accounting Standards and International Financial Reporting Standards

The financial statements of the Schemes comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements are presented in the local currency being Australian dollars.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

2 Summary of significant accounting policies (continued)

(a) Basis of Preparation (continued)

(ii) New accounting standards and amendments adopted by the Schemes

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(iii) New accounting standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2022 reporting period and have not yet been applied in the financial statements. None of these are expected to have a material effect on the financial statements of the Schemes.

(b) Financial instruments

(i) Classification

- Financial Assets

The Schemes classify their investments based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Schemes' portfolio of financial assets is managed and performance are evaluated on a fair value basis in accordance with the Schemes' documented investment strategy. The Schemes use fair value information to assess performance of the portfolios and to make decisions to rebalance the portfolios or to realise fair value gains or minimise losses through sales or other trading strategies. The Schemes' policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities, unlisted managed investment Schemes and derivatives are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial Liabilities

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

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost. This category includes short term payables.

(ii) Recognition/derecognition

The Schemes recognise 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.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Schemes retain the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Schemes have transferred their rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gains or losses arising from derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statements of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

At initial recognition, the Schemes measure their investments, which are classified as financial assets and liabilities at fair value through profit or loss, at their fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statements 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 statements of comprehensive income in the period in which they arise.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the year without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

A financial instrument is regarded as quoted in 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.

The Schemes' financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equities to listed unit trusts, where applicable.

- Fair value in an inactive or unquoted market

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

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is the 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.

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 Schemes recognise the difference in the statements of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Schemes 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 an option contract is determined by applying the most appropriate option valuation model.

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

The Schemes' financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments, ranging from investments in unlisted unit trusts, unlisted equity and/or debt securities to over the counter derivatives, where applicable.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when and only when, there is currently 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.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

2 Summary of significant accounting policies (continued)

(iv) Offsetting financial instruments (continued)

For Talaria Global Equity Fund - Currency Hedged (Managed Fund) financial assets and liabilities that have been offset have been disclosed in Note 12. As at the end of the year for Talaria Global Equity Fund there were no financial assets or liabilities offset or with the right to offset in the statements of financial position.

(c) Net assets attributable to unitholders

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

The units can be put back to the Schemes at any time for cash based on the redemption price, which is equal to a proportionate share of the Schemes' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Schemes. This amount represents the expected cash flows on redemption of these units.

Talaria Global Equity Fund classifies the net assets attributable to unitholders as liability as they do not satisfy the equity criteria under *AASB 132 Financial Instruments: Presentation*.

Talaria Global Equity Fund - Currency Hedged (Managed Fund) classifies the net assets attributable to unitholders as equity as they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the scheme's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavorable conditions to the scheme, and it is not a contract settled in the schemes own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss

(d) Cash and cash equivalents

For the purpose of presentation in the statements 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. Bank overdrafts, if any, are shown within borrowings in the statements 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 Schemes' main income generating activity.

(e) Investment Income

Interest income and interest expenses are recognised in the statements of comprehensive income for all financial instruments on an accruals basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

Dividend income is recognised on the ex-dividend date.

Trust distributions (including distributions from cash management trusts) is recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the year and the fair value at the previous valuation point. Net gains/(losses) do not include interest, dividend or distribution income.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

2 Summary of significant accounting policies (continued)

(f) Expenses

All expenses, including management costs, are recognised in the statements of comprehensive income on an accrual basis.

(g) Income tax

Under current legislation, Schemes that have elected into the AMIT tax regime are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

The Schemes currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded net of withholding taxes in the statements of comprehensive income.

(h) Distributions

Distributions are payable as set out in the Schemes' PDSs. Such distributions are determined by the Responsible Entity of the Schemes.

(i) Increase/(decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Where Talaria Global Equity Fund's units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statements of comprehensive income as finance costs.

(j) Foreign currency translation

(i) Functional and presentation currency

Items included in the Schemes' 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 Schemes compete for funds and is regulated. The Australian dollar is also the Schemes' 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 statements of comprehensive income.

The Schemes do 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 is due to changes in foreign exchange rates from that which is 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) Receivable

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at amortised cost and are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their carrying amounts approximate their fair values.

Impairment

The amount of the impairment loss is recognised in profit or loss 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 profit or loss. Given the limited exposure of the Schemes to credit risk, no ECL has been recognised. The Schemes only hold receivables with no financing component and that have maturities of less than 12 months.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

2 Summary of significant accounting policies (continued)

(l) Payables

Payables include liabilities and accrued expenses owing by the Schemes which are unpaid as at the end of the year.

Trades are recorded on trade date and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each year are included in payables.

The distribution amount payable to unitholders at the end of each year is recognised separately in the statements of financial position when unitholders are presently entitled to the distributable income under the Schemes' Constitutions.

(m) Applications and redemptions

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

Unit redemption prices are determined in accordance with the Schemes' Constitutions by reference to the net assets of the Schemes divided by the number of units on issue.

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

Expenses of various services provided to the Schemes by third parties such as custodial services and investment management fees etc. are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the related expense or cost item. The Schemes qualify for Reduced Input Tax Credits (RITC) at a rate of 55% or 75%.

Accounts payable and receivable are stated inclusive of the GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statements of financial position.

Cash flows relating to GST are included in the statements of cash flows on a gross basis.

(o) Use of judgement and estimates

The preparation of the Schemes' financial statements requires it to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, 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.

The Schemes' financial instruments are valued primarily based on the prices provided by independent pricing services.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Schemes. The Schemes consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

**Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)**

2 Summary of significant accounting policies (continued)

(o) Use of judgement and estimates (continued)

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgements. 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, accounts payable and the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(p) Structured entities

The Schemes have assessed whether the funds in which they invest should be classified as structured entities. The Schemes have considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Schemes have also considered whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. The Schemes have concluded that the funds in which they invest in are not structured entities.

(q) Rounding of amounts

The Schemes are entities of the kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, where indicated.

3 Auditor's remuneration

The auditor's remuneration is paid directly by the Responsible Entity.

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

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$	2021 \$	2022 \$	2021 \$
Audit services - PwC				
Audit and review of financial statements	20,000	14,000	15,000	8,000
Audit of compliance plan	4,936	3,157	4,936	3,157
Total auditor's remuneration	24,936	17,157	19,936	11,157

4 Net assets attributable to unitholders

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual share in the Schemes and does not extend to a right in the underlying assets of the Schemes. For Talaria Global Equity Fund there are two classes of unitholders in the Scheme being Foundation and Managed Fund. For Talaria Global Equity Fund - Currency Hedged (Managed Fund) there are no separate classes of units and each unit has the same rights attaching to it as all other units in the Scheme.

For Talaria Global Equity Fund, units are redeemed on demand at the unitholders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

4 Net assets attributable to unitholders (continued)

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

	Talaria Global Equity Fund			
	2022	2021	2022	2021
	No. '000	No. '000	\$'000	\$'000
Opening balance	485,005	435,088	446,304	364,661
Foundation Class				
Applications	540	471	1,543	431
Redemptions	(1,242)	(2,668)	(1,535)	(2,499)
Consolidation of units ⁴	(23,661)	-	-	-
Units issued upon reinvestment of distributions	605	1,777	901	1,609
	(23,758)	(420)	909	(459)
Managed Fund Class				
Applications	93,936	138,087	243,236	120,790
Redemptions	(25,220)	(101,966)	(59,524)	(88,044)
Consolidation of units ⁴	(398,558)	-	-	-
Units issued upon reinvestment of distributions	6,647	14,216	9,944	11,940
	(323,195)	50,337	193,656	44,686
Increase/(decrease) in net assets attributable to unitholders	-	-	3,827	37,416
Closing Balance	138,052	485,005	644,696	446,304
	Talaria Global Equity Fund - Currency Hedged (Managed Fund)			
	2022	2021	2022	2021
	No. '000	No. '000	\$'000	\$'000
Opening balance	43,721	40,594	45,432	37,908
Applications	14,074	15,938	40,799	16,892
Redemptions	(1,957)	(13,723)	(6,917)	(13,590)
Consolidation of units ⁴	(41,229)	-	-	-
Units issued upon reinvestment of distributions	457	912	568	875
Distributions to unitholders			(4,982)	(4,619)
Profit/(loss) for the year			3,459	7,966
Closing balance	15,066	43,721	78,359	45,432

⁴On 18 October 2021, the number of units in the Scheme was consolidated in the ratio of 5:1 and any fractional balance was removed. This means that the number of units held by investors were consolidated by a factor of five, but the unit price has increased proportionally so that the market value of the investors' holding remains unchanged as a result of the consolidation.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

4 Net assets attributable to unitholders (continued)

Capital risk management

Talaria Global Equity Fund considers its net assets attributable to unitholders - liability as capital, notwithstanding that net assets attributable to unitholders are classified as a financial liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

Talaria Global Equity Fund - Currency Hedged (Managed Fund) considers its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

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

5 Distributions to unitholders

The distributions for the year were as follows:

	Talaria Global Equity Fund							
	Foundation Class				Managed Fund Class			
	2022	2022	2021	2021	2022	2022	2021	2021
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	360	1.2249	505	1.6421	6,869	1.4000	5,116	1.2500
- 31 December	317	5.2967	491	1.5916	7,336	7.0000	4,927	1.2000
- 31 March	336	5.5215	488	1.5906	8,370	7.2500	5,109	1.2000
Distribution payable								
- 30 June	871	14.1355	531	1.7752	15,252	11.5642	9,799	2.1532
	1,884		2,015		37,827		24,951	

	Talaria Global Equity Fund -			
	Currency Hedged (Managed Fund)			
	2022	2022	2021	2021
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 30 September	-	-	537	1.4000
- 31 December	-	-	499	1.4000
- 31 March	998	8.1000	629	1.7000
Distribution payable				
- 30 June	3,984	26.4445	2,954	6.7566
	4,982		4,619	

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

6 Cash and cash equivalents

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank	243,441	82,162	4,339	1,900
Deposits held with brokers	163,365	156,654	-	-
Total cash and cash equivalents	406,806	238,816	4,339	1,900

7 Financial assets at fair value through profit or loss

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Listed equities	258,348	202,473	-	-
Listed unit trusts	-	18,942	-	-
Derivatives	-	-	106	754
Unlisted managed investment schemes	-	-	77,038	45,502
Total financial assets at fair value through profit or loss	258,348	221,415	77,144	46,256

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 11.

8 Financial liabilities at fair value through profit or loss

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Derivatives	5,583	4,550	1,882	1,014
Total financial assets at fair value through profit or loss	5,583	4,550	1,882	1,014

An overview of the risk exposures relating to financial liabilities at fair value through profit or loss is included in Note 11.

**Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)**

9 Derivative financial instruments

In the normal course of business the Schemes may enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

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

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Schemes' portfolio management.

Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

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

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

The Schemes held the following derivative instruments:

(a) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Schemes are exchange traded. The Schemes are exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

(b) Forward currency contracts

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

The Scheme's derivative financial instruments at year end are detailed below:

	Talaria Global Equity Fund						Talaria Global Equity Fund - Currency Hedged (Managed Fund)					
	2022			2021			2022			2021		
	Notional \$'000	Assets \$'000	Liabilities \$'000	Notional \$'000	Assets \$'000	Liabilities \$'000	Notional \$'000	Assets \$'000	Liabilities \$'000	Notional \$'000	Assets \$'000	Liabilities \$'000
Options	78,912	-	5,583	48,519	-	4,550	-	-	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	65,907	106	1,882	97,101	754	1,014
	<u>-</u>	<u>-</u>	<u>5,583</u>	<u>-</u>	<u>-</u>	<u>4,550</u>	<u>65,907</u>	<u>106</u>	<u>1,882</u>	<u>97,101</u>	<u>754</u>	<u>1,014</u>

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

10 Financial risk management

(a) Objectives, strategies, policies and processes

The Schemes' activities may 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 Schemes' overall risk management program focuses on ensuring compliance with the Schemes' disclosure documents and seeks to maximise the returns derived for the level of risk to which the Schemes are 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 Schemes use different methods to measure different types of risk to which they are 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 their risk management strategy, the Schemes may use derivatives and other investments, including bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks and exposures arising from forecast transactions.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Schemes' direct investments and not on a look through basis for investments held in the Schemes.

The sensitivity of the Schemes' net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Schemes' investments with the relevant benchmarks 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 Schemes invest. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

The overall market exposures at year end were as follows:

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Derivatives assets	-	-	106	754
Derivatives liabilities	(5,583)	(4,550)	(1,882)	(1,014)
Securities at fair value through profit or loss	258,348	221,415	77,038	45,502

(i) Price risk

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

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

10 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

Price risk exposure arises from the Schemes' investment portfolio. The investments are classified on the statements of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

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 Schemes' overall market positions are monitored on a regular basis by the Schemes' Investment Manager. This information and the compliance with the Schemes' disclosure documents are reported to the relevant parties on a regular basis as deemed appropriate such as key management personnel, compliance committees and ultimately the Board.

If the equity prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Securities prices 2022: +13.3% (2021: +13.6%)	33,618	29,494	10,246	6,188
Securities prices 2022: -13.3% (2021: -13.6%)	(33,618)	(29,494)	(10,246)	(6,188)

These changes are calculated on an undiscounted basis. The analysis is performed on the same basis for 2022 and 2021.

(ii) Foreign exchange risk

The Schemes have exposure to foreign assets 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.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' foreign exchange exposure on all foreign currency denominated assets and liabilities on a daily basis. Currency positions are reconciled daily and discrepancies are immediately resolved. Procedures are established with the Investment Manager to trade currency as closely as possible to the close of the markets, so as to obtain exchange rates that closely approximate the rates used in the daily valuation.

The Schemes are exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of the Australian dollar and foreign currencies can affect the returns from overseas investments. This is because gains or losses must be converted back to Australian dollars.

Accordingly, these Schemes are affected directly by currency fluctuations. The foreign exchange risk disclosures have been prepared on the basis of the Schemes' direct investments and not on a lookthrough basis to investments held via interposed investment funds. In addition, any currency hedging to minimise the impact of foreign exchange risk has not been incorporated into the disclosures unless the derivatives are held directly in these Schemes.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

10 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

The table below summarises the Schemes' assets and liabilities which are denominated in non-Australian currencies:

	Talaria Global Equity Fund									
	2022					2021				
	USD A\$'000	EUR A\$'000	JPY A\$'000	GBP A\$'000	Other ⁵ A\$'000	USD A\$'000	EUR A\$'000	JPY A\$'000	GBP A\$'000	Other ⁵ A\$'000
Assets										
Cash and cash equivalents	149,880	36,695	19,310	24,136	61,505	117,578	31,793	20,044	18,285	24,187
Receivables	110	367	158	237	556	146	101	165	258	22
Financial assets at fair value through profit or loss										
Listed equities	95,774	78,476	73,065	1,120	9,913	93,191	47,967	26,282	9,931	25,103
Listed unit trusts	-	-	-	-	-	8,409	-	-	10,533	-
Total assets	245,764	115,538	92,533	25,493	71,974	219,324	79,861	46,491	39,007	49,312
Liabilities										
Financial liabilities at fair value through profit or loss										
Options	2,422	1,015	455	-	1,691	1,295	998	1,160	225	872
Total liabilities	2,422	1,015	455	-	1,691	1,295	998	1,160	225	872
Net assets attributable to unitholders	243,342	114,523	92,078	25,493	70,283	218,029	78,863	45,331	38,782	48,440
	Talaria Global Equity Fund - Currency Hedged (Managed Fund)									
	2022					2021				
	USD A\$'000	EUR A\$'000	JPY A\$'000	GBP A\$'000	Other ⁵ A\$'000	USD A\$'000	EUR A\$'000	JPY A\$'000	GBP A\$'000	Other ⁵ A\$'000
Liabilities										
Financial liabilities at fair value through profit or loss										
Forward foreign exchange contracts	29,305	14,019	11,131	3,031	8,547	21,964	7,989	3,912	4,734	4,936
Total liabilities	29,305	14,019	11,131	3,031	8,547	21,964	7,989	3,912	4,734	4,936
Net assets attributable to unitholders	(29,305)	(14,019)	(11,131)	(3,031)	(8,547)	(21,964)	(7,989)	(3,912)	(4,734)	(4,936)

⁵ Other represents the Schemes' assets and liabilities denominated in multiple currencies which individually are of lesser significance.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

10 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

Had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Schemes are exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

Talaria Global Equity Fund						Talaria Global Equity Fund - Currency Hedged (Managed Fund)							
	AUD Weakened		AUD Strengthened			AUD Weakened		AUD Strengthened					
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021			
	%	%	\$'000	\$'000	\$'000	\$'000	%	%	\$'000	\$'000			
AUD/USD	10.1	10.8	24,578	23,547	(24,578)	(23,547)	AUD/USD	10.1	10.8	(2,960)	(2,372)	2,960	2,372
AUD/EUR	10.1	10.8	11,567	8,517	(11,567)	(8,517)	AUD/EUR	10.1	10.8	(1,416)	(863)	1,416	863
AUD/JPY	10.1	10.8	9,300	4,188	(9,300)	(4,188)	AUD/JPY	10.1	10.8	(1,124)	(511)	1,124	511
AUD/GBP	10.1	10.8	2,575	4,896	(2,575)	(4,896)	AUD/GBP	10.1	10.8	(306)	(422)	306	422
AUD/Other	10.1	10.8	7,099	5,232	(7,099)	(5,232)	AUD/Other	10.1	10.8	(863)	(533)	863	533

The possible impact against other currencies is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for 2022 and 2021.

(iii) Interest rate risk

There was no significant direct interest rate risk in the Schemes as at 30 June 2022 (2021: Nil).

(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.

Credit risk primarily arises from cash and cash equivalents and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Schemes, other than derivatives, the Schemes' exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statements of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the end of the year.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

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

The Schemes hold no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

Counterparty credit limits and the list of authorised brokers are reviewed by the relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' credit position on a regular basis. This information and the compliance with the Schemes' policy are reported to the relevant parties on a regular basis as deemed appropriate such as key management personnel, compliance committees and ultimately the Board.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
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(continued)

10 Financial risk management (continued)

(d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by the Investment Manager to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Concentrations of risk are managed by industry sector for equity instruments and by counterparty for debt instruments and selected derivatives.

The Schemes have disclosed the most significant counterparties by concentration of risk. "Other" represents multiple counterparties by concentration of risk which individually are of lesser significance.

Based on the concentrations of risk that are managed by industry sector and/or counterparty, the following investments can be analysed by the industry sector and/or counterparty as at 30 June 2022 and 30 June 2021:

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financials	24,330	65,572	-	-
Healthcare	92,436	56,703	-	-
Consumer Staples	46,601	29,821	-	-
Real Estate	-	18,942	-	-
Energy	8,453	18,804	-	-
Materials	18,643	11,562	-	-
Consumer Discretionary	18,317	10,080	-	-
Unlisted managed investment schemes - equity	-	-	77,038	45,502
Other	49,568	9,931	106	754
Total	258,348	221,415	77,144	46,256

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Schemes' investment in financial instruments which under normal market conditions are readily convertible to cash. In addition, the Schemes maintain sufficient cash and cash equivalents to meet normal operating requirements.

The Schemes may be exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. It therefore primarily holds investments that are traded in active markets and can be readily disposed of.

The Schemes' investments may include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Schemes may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Schemes may not be able to liquidate quickly their investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. No such investments were held at the end of the year (2021: Nil).

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

11 Financial risk management (continued)

(e) Liquidity risk (continued)

The Schemes' policy is to hold a significant proportion of its investments in liquid assets.

Under the terms of their Constitutions, the Schemes have the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Units are redeemed on demand at the unitholders option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' liquidity position on a regular basis. This information and the compliance with the Schemes' policy are reported to the relevant parties on a regular basis as deemed appropriate such as key management personnel, compliance committees and ultimately the Board.

Maturity analysis for financial liabilities

The table below summarises the maturity profile of the Schemes' financial liabilities, redeemable units and derivative financial instruments on the remaining period at the end of the year to the contractual maturity date.

The Schemes' non-derivative financial liabilities in the table are the contractual undiscounted cash flows and the Schemes' derivative financial instruments in the table are net fair values, based on the amounts at which an orderly settlement of the transactions would take place between market participants at the reporting date.

	Talaria Global Equity Fund							
	2022				2021			
	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000
Financial liabilities:								
Distributions payable	16,123	-	-	-	10,330	-	-	-
Payables	1,007	-	-	-	1,193	-	-	-
Net assets attributable to unit holders- liability	<u>644,696</u>	-	-	-	<u>446,304</u>	-	-	-
Total financial liabilities	<u>661,826</u>	-	-	-	<u>457,827</u>	-	-	-
Net settled derivatives								
Options	<u>(2,704)</u>	<u>(2,497)</u>	<u>(382)</u>	-	<u>(874)</u>	<u>(3,676)</u>	-	-
Total net settled derivatives inflow (outflow)	<u>(2,704)</u>	<u>(2,497)</u>	<u>(382)</u>	-	<u>(874)</u>	<u>(3,676)</u>	-	-

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

11 Financial risk management (continued)

(e) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

	Talaria Global Equity Fund - Currency Hedged (Managed Fund)							
	2022				2021			
	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000
Financial liabilities:								
Distributions payable	3,984	-	-	-	2,954	-	-	-
Payables	116	-	-	-	65	-	-	-
Total financial liabilities	4,100	-	-	-	3,019	-	-	-
Net settled derivatives								
Forward foreign currency contracts	-	(1,776)	-	-	-	(260)	-	-
Total net settled derivatives inflow (outflow)	-	(1,776)	-	-	-	(260)	-	-

As disclosed above, the Investment Manager manages the Schemes' liquidity risk by investing predominantly in liquid assets that it expects to be able to liquidate within seven days or less. Liquid assets include cash and cash equivalents, listed unit trusts and listed equities. As at 30 June 2022 and 30 June 2021, these assets amounted to the below:

	2022	2021
	\$	\$
Talaria Global Equity Fund	665,153,055	460,231,085
Talaria Global Equity Fund - Currency Hedged (Managed Fund)	4,339,192	1,900,198

(f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Schemes' financial assets and financial liabilities at the end of the year approximated their fair values.

The Schemes value their investments in accordance with the accounting policies set out in Note 2.

For the years ended 30 June 2022 and 30 June 2021, the Schemes did not include financial assets that were determined using valuation techniques. The fair values of the Schemes' financial assets for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services.

(g) Fair value hierarchy

The Schemes are required to classify 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:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

10 Financial risk management (continued)

(g) Fair value hierarchy (continued)

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

	Talaria Global Equity Fund							
	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Listed equities	258,348	-	-	258,348	202,473	-	-	202,473
Listed unit trusts	-	-	-	-	18,942	-	-	18,942
Total financial assets	258,348	-	-	258,348	221,415	-	-	221,415
Financial liabilities								
Options	(5,583)	-	-	(5,583)	(4,550)	-	-	(4,550)
Total financial liabilities	(5,583)	-	-	(5,583)	(4,550)	-	-	(4,550)

	Talaria Global Equity Fund - Currency Hedged (Managed Fund)							
	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Forward foreign exchange contracts	-	106	-	106	-	754	-	754
Unlisted managed investment schemes	-	77,038	-	77,038	-	45,502	-	45,502
Total financial assets	-	77,144	-	77,144	-	46,256	-	46,256
Financial liabilities								
Forward foreign exchange contracts	-	(1,882)	-	(1,882)	-	(1,014)	-	(1,014)
Total financial liabilities	-	(1,882)	-	(1,882)	-	(1,014)	-	(1,014)

The pricing for the majority of the Schemes' investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, e.g. recognised stock exchanges and therefore classified within level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include unlisted managed investment schemes, corporate bonds and over the counter derivatives.

The Schemes' policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year. There were no transfers between levels 1, 2 and 3 of the fair value hierarchy during the year (30 June 2021: Nil).

**Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)**

11 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements 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. The gross and net positions of financial assets and liabilities that have been offset in the statements of financial position for Talaria Global Equity Fund - Currency Hedged (Managed Fund) are disclosed in the first three columns of the following tables. Talaria Global Equity Fund does not hold forward foreign exchange contracts that can be offset in the statements of financial position.

	Talaria Global Equity Fund - Currency Hedged (Managed Fund)									
	2022					2021				
	Net amount presented in the statements			Related amount not offset		Net amount presented in the statements			Related amount not offset	
	Gross amounts \$'000	Amounts offset \$'000	of financial position \$'000			Gross amounts \$'000	Amounts offset \$'000	of financial position \$'000		
Derivative assets	65,907	(65,801)	106	-	106	97,096	(96,342)	754	-	754
Derivative liabilities	(67,683)	65,801	(1,882)	-	(1,882)	(97,356)	96,342	(1,014)	-	(1,014)
Total	(1,776)	-	(1,776)	-	(1,776)	(260)	-	(260)	-	(260)

The agreements, where relevant, could include derivative clearing agreements, global master repurchase agreements and others. Similar financial instruments could include derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, securities lending agreements, short sales etc.

The International Swaps and Derivatives Association ("ISDA") master netting agreements or similar agreements do not generally meet the criteria for offsetting. This is because they create a right of setoff of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the entity or the counterparties.

From time to time, the Scheme may receive or pledge collateral which could be in the form of cash or marketable securities or both in respect of the above instruments. Such collateral, if transacted, is generally subject to the standard industry in terms of ISDA's Credit Support Annex. This means that collateral received/pledged can be repledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also generally give each counterparty the right to terminate the related transactions on the counterparty's failure to post collateral.

12 Receivables

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Dividends receivable	265	533	-	-
Distributions receivable	153	112	1,918	1,073
Interest receivable	159	47	-	-
GST receivable	100	78	1	1
Applications receivable	723	533	866	184
Withholding tax reclaims receivable	855	843	-	-
Management fee rebates receivable	-	-	73	51
Total receivables	2,255	2,146	2,858	1,309

**Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)**

13 Payables

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Management fees payable	643	460	90	56
Performance fees payable	-	90	-	-
Withholding tax payable	2	-	-	-
Redemptions payable	362	643	26	9
Total payables	1,007	1,193	116	65

14 Related party transactions

Responsible Entity

The Responsible Entity of the Schemes are Australian Unity Funds Management Limited (ABN 60 071 497 115) whose immediate and ultimate Parent Entity is Australian Unity Limited (ABN 23 087 648 888).

Key management personnel

(a) Directors

Key management personnel include persons who were directors of Australian Unity Funds Management Limited at any time during the year as follows:

Rohan Mead, Chairman and Group Managing Director
Esther Kerr-Smith, Chief Executive Officer, Wealth and Capital Markets
Darren Mann, Group Executive Finance & Strategy and Chief Financial Officer

(b) Other key management personnel

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

Other transactions within the Schemes

From time to time directors of Australian Unity Funds Management Limited, or their director related entities, may invest in or withdraw from the Schemes. These investments or withdrawals are on the same terms and conditions as those entered into by other Schemes investors and are considered to be immaterial in nature.

Management costs and other transactions

Management costs include management fees and other expenses or reimbursements deducted in relation to the Schemes, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Schemes.

Administration expenses incurred in the day to day running of the Schemes are reimbursed in accordance with the Schemes' Constitutions.

The Responsible Entity may charge a Performance management fee. The Performance management fee is only paid where the Responsible Entity meets certain performance objectives.

The Investment Management fee paid to Talaria Asset Management Pty Ltd is borne by the Responsible Entity.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

14 Related party transactions (continued)

Management costs and other transactions (continued)

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

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management costs for the year paid by the Schemes to the Responsible Entity	6,464,072	4,679,578	802,884	515,372
Performance management fees for the year paid by the Schemes to the Responsible Entity	661,899	244,364	-	-
Management costs paid to the Responsible Entity in respect of investments by the Schemes in other schemes managed by the Responsible Entity	-	-	738,027	483,609
Management costs payable to the Responsible Entity at the end of the year	642,594	550,801	89,661	56,400

Related party scheme's unitholdings

Parties related to the Schemes (including Australian Unity Funds Management Limited, its related parties and other schemes managed by Australian Unity Funds Management Limited) held units in Talaria Global Equity Fund and Talaria Global Equity Fund - Currency Hedged (Managed Fund) as follows:

	Talaria Global Equity Fund								
	2022	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁶	Interest held %	No. of units acquired	No. of units disposed	No. of units consolidated ⁴	Distributions paid/payable \$
Talaria Global Equity Fund - Currency Hedged (Managed Fund)		49,832,282	16,581,650	78,951,866	12.22	12,257,516	-	(45,508,148)	4,558,369
Other Related Parties ⁷		14,159,514	2,427,398	11,561,379	1.84	497,346	(831,923)	(11,397,539)	880,847
		63,991,796	19,009,048	90,513,245	14.06	12,754,862	(831,923)	(56,905,687)	5,439,216
2021									
Unitholders		No. of units held opening	No. of units held closing	Fair value of investment \$ ⁶	Interest held %	No. of units acquired	No. of units disposed	No. of units consolidated	Distributions paid/payable \$
Talaria Global Equity Fund - Currency Hedged (Managed Fund)		43,741,428	49,832,282	46,573,251	10.23	15,581,160	(9,490,306)	-	2,644,460
Other Related Parties ⁷		18,144,944	14,159,514	13,236,595	2.91	3,578,969	(7,564,399)	-	923,696
		61,886,372	63,991,796	59,809,846	13.14	19,160,129	(17,054,705)	-	3,568,156

⁶ Fair value of investment includes accrued distribution at the end of the year.

⁷ Other related parties consists of investors with holdings of less than 5%.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

14 Related party transactions (continued)
Related party scheme's unitholdings (continued)

Talaria Global Equity Fund - Currency Hedged (Managed Fund)

2022	No. of units	No. of units	Fair value of	Interest	No. of units	No. of units	No. of units	Distributions
Unitholders	held opening	held closing	investment	held	acquired	disposed	consolidated⁴	paid/payable
			\$ ⁶	%				\$
Australian Unity Balanced Growth Bond	3,098,589	616,803	3,363,365	4.09	210,160	(52,214)	(2,639,732)	213,801
Australian Unity Balanced Growth Portfolio	2,513,424	495,501	2,701,918	3.29	-	(7,183)	(2,010,740)	171,750
Other Related Parties ⁷	4,688,986	670,826	3,657,947	4.45	263,120	(505,519)	(3,775,761)	252,211
	<u>10,300,999</u>	<u>1,783,130</u>	<u>9,723,230</u>	<u>11.83</u>	<u>473,280</u>	<u>(564,916)</u>	<u>(8,426,233)</u>	<u>637,762</u>
2021	No. of units	No. of units	Fair value of	Interest	No. of units	No. of units	No. of units	Distributions
Unitholders	held opening	held closing	investment	held	acquired	disposed	consolidated	paid/payable
			\$ ⁶	%				\$
Australian Unity Balanced Growth Bond	3,462,705	3,098,589	3,427,040	7.09	828,508	(1,192,624)	-	330,912
Australian Unity Balanced Growth Portfolio	2,798,105	2,513,424	2,779,846	5.75	418,634	(703,315)	-	264,088
Other Related Parties ⁷	8,491,841	4,688,986	5,186,019	10.72	1,130,480	(4,933,335)	-	513,958
	<u>14,752,651</u>	<u>10,300,999</u>	<u>11,392,905</u>	<u>23.56</u>	<u>2,377,622</u>	<u>(6,829,274)</u>	<u>-</u>	<u>1,108,958</u>

Investments

Talaria Global Equity Fund did not hold any investments in Australian Unity Funds Management Limited or its related parties during the year (2021: Nil). The investments held by Talaria Global Equity Fund - Currency Hedged (Managed Fund) are as follows:

Talaria Global Equity Fund - Currency Hedged (Managed Fund)

2022	No. of units	No. of units	Fair value of	Interest	No. of units	No. of units	No. of units	Distributions
	held opening	held closing	investment	held	acquired	disposed	consolidated⁴	received/ receivable
			\$ ⁶	%				\$
Talaria Global Equity Fund	49,832,282	16,581,650	78,951,866	12.22	12,257,516	-	(45,508,148)	4,558,369
	<u>49,832,282</u>	<u>16,581,650</u>	<u>78,951,866</u>		<u>12,257,516</u>	<u>-</u>	<u>(45,508,148)</u>	<u>4,558,369</u>

⁴ On 18 October 2021, the number of units in the Scheme was consolidated in the ratio of 5:1 and any fractional balance was removed. This means that the number of units held by investors were consolidated by a factor of five, but the unit price has increased proportionally so that the market value of the investors' holding remains unchanged as a result of the consolidation.

⁶ Fair value of investment includes accrued distribution at the end of the year.

⁷ Other related parties consists of investors with holdings of less than 5%.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

14 Related party transactions (continued)

Investments (continued)

Talaria Global Equity Fund - Currency Hedged (Managed Fund)								
2021	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁶	Interest held %	No. of units acquired	No. of units disposed	No. of units consolidated	Distributions received/ receivable \$
Talaria Global Equity Fund	43,741,428	49,832,282	46,573,251	10.23	15,581,160	(9,490,306)	-	2,644,460
	<u>43,741,428</u>	<u>49,832,282</u>	<u>46,573,251</u>		<u>15,581,160</u>	<u>(9,490,306)</u>	<u>-</u>	<u>2,644,460</u>

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

	Talaria Global Equity Fund		Talaria Global Equity Fund - Currency Hedged (Managed Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Profit for the year	-	-	3,459	7,966
Increase in net assets attributable to unitholders	3,827	37,416	-	-
Distributions to unitholders	39,711	26,966	-	-
Proceeds from sale of financial instruments at fair value through profit or loss	253,231	74,077	210	10,656
Payments for purchase of financial instruments at fair value through profit or loss	(253,076)	(94,294)	(27,551)	(10,470)
Net (gains)/losses on financial instruments at fair value through profit or loss	(36,055)	(74,748)	1,034	(5,358)
Reinvested income	-	-	(3,713)	(3,168)
Net foreign exchange (gains)/losses	(8,494)	9,599	-	-
Net change in receivables	81	(496)	(867)	523
Net change in payables	95	161	34	8
Net cash inflow/(outflow) from operating activities	<u>(680)</u>	<u>(21,319)</u>	<u>(27,394)</u>	<u>157</u>
(b) Non-cash operating and financing activities				
During the period, the following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	10,845	13,549	568	875
During the year, the following distribution receipts were satisfied by the issue of units under distribution reinvestment plan	-	-	3,713	3,168

⁶ Fair value of investment includes accrued distribution at the end of the year.

Talaria Global Equities
Managed Investment Schemes
Notes to the financial statements
30 June 2022
(continued)

16 Events occurring after end of year

The directors of the Responsible Entity are not aware of any matter or circumstance arising since the end of the year which would impact on the financial position of the Schemes disclosed in the statements of financial position as at 30 June 2022 or on the results and cash flows of the Schemes for the year ended on that date.

17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2022 and 30 June 2021.

**Talaria Global Equities
Managed Investment Schemes
Directors' declaration
For the year ended 30 June 2022**

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 7 to 37 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Schemes' financial position as at 30 June 2022 and of their performance, as represented by the results of their operations and cash flows, for the year ended on that date.
- (b) There are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.
- (c) The financial statements are in accordance with the Schemes' Constitutions.
- (d) 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.



Rohan Mead
Director



Esther Kerr-Smith
Director
21 September 2022



Independent auditor's report

To the unitholders of the below funds:

- Talaria Global Equity Fund
- Talaria Global Equity Fund - Currency Hedged (Managed Fund) (formerly Talaria Global Equity Fund - Hedged)

referred to collectively as Talaria Global Equities Managed Investment Schemes.

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Talaria Global Equities Managed Investment Schemes (the Schemes) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Schemes' financial positions as at 30 June 2022 and of their 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 statements of financial position as at 30 June 2022
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statement of changes in net assets attributable to unitholders - liability for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' 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 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 Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Schemes, their accounting processes and controls and the industry in which the Schemes operate.



Materiality

- For the purpose of our audit we used approximately 1% of each fund's net assets to set our overall materiality for each fund.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets, because, in our view, it is the metric against which the performance of the Schemes are most commonly measured and is a generally accepted benchmark in the funds management industry.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.



Audit Scope

- Our audit focused on where the Schemes made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit approach reflects the nature of the investments held by the Schemes and the consideration of the work undertaken by third-party service providers. The key service provider relevant to our audit is the administrator and custodian, who maintains the accounting records of the Schemes and provides custodian services for the investments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Investments in financial assets and financial liabilities at fair value through profit or loss</p> <p><i>Refer to note 2(b) (Summary of significant accounting policies), note 8 (Financial assets at fair value through profit or loss), note 9 (financial liabilities at fair value through profit or loss), note 10 (Derivative financial instruments) and note 11 (Financial risk management).</i></p> <p>At 30 June 2022, investments in financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss comprised of investments in listed equities and unit trusts, derivatives and unlisted managed investment schemes (“investments”).</p> <p>We consider existence and valuation of investments to be a key audit matter because investments represent the principal element of the statements of financial position. A discrepancy in the valuation or existence of investments could cause the net asset value to be materially misstated which would also impact</p>	<p>To assess the design and operating effectiveness of the third-party service organisations’ relevant controls, we:</p> <ul style="list-style-type: none">• inspected the most recent reports provided by the service provider to the Schemes setting out the controls in place at that service provider, and that included an independent audit opinion over the design and operating effectiveness of those controls• developed an understanding of the control objectives and associated control activities and evaluated the results of the tests undertaken and the conclusions formed by the auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Schemes. <p>For investments held in custody with the service provider, we obtained a confirmation from the service provider and compared the confirmed balances to Schemes’ accounting records.</p>



Key audit matter	How our audit addressed the key audit matter
<p>the Schemes' reported performance as the valuation of investments is the main driver of movements in the profit of the Schemes.</p>	<p>For investments not held in custody with the service provider, we obtained confirmation from the counterparties for forward foreign exchange contracts at year end and compared the confirmed balances to the Schemes' accounting records.</p> <p>For investments in unlisted managed investment schemes, we compared relevant unit registry reporting records provided by the service provider to the Schemes to the Schemes' accounting records.</p> <p>Together with PwC valuation experts, we valued listed equities, listed unit trusts and derivatives held at balance date by agreeing the pricing to the external sources including Bloomberg.</p> <p>We compared the price used by the Schemes to value the internal unlisted managed investment scheme to the accounting records of that scheme which were also subject to our audit procedures.</p>

Other information

The directors of Australian Unity Funds Management Limited ("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 2022, 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 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 that we 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 financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors 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 Schemes 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 Schemes or to cease operations, or have no realistic alternative but to do so.

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:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Britt Hawkins

Britt Hawkins
Partner

Melbourne
21 September 2022