

**2021**

**ANNUAL  
FINANCIAL REPORT**

**Wholesale Investments**

**Investments**

Colonial First State Investments Limited  
ABN 98 002 348 352  
AFS Licence 232468



## **Your Annual Financial Report**

I am pleased to present the reports for the financial year ended 30 June 2021 for the Colonial First State Wholesale Australian Share Fund, Colonial First State Wholesale Industrial Share Fund<sup>1</sup> and Colonial First State Investment Fund 96.

This statement is the final component of the reporting information for the 2020–2021 financial year.

If you have any questions about the Annual Financial Report, please call Investor Services on 13 13 36 Monday to Friday, 8am to 7pm, Sydney time.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Power', written in a cursive style with a long horizontal flourish underneath.

Kelly Power  
Chief Executive Officer of CFS Superannuation

1. Closed to new investors.

# **COLONIAL FIRST STATE WHOLESALE FUNDS**

## **ANNUAL REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**Responsible Entity of the Funds**

**COLONIAL FIRST STATE INVESTMENTS LIMITED**

**ABN: 98 002 348 352**

**Registered Address:**

Ground Floor Tower 1, 201 Sussex Street  
SYDNEY NSW 2000

# COLONIAL FIRST STATE WHOLESALE FUNDS

**Represented by:**

***ARSN***

Colonial First State Wholesale Australian Share Fund  
Colonial First State Wholesale Industrial Share Fund  
Colonial First State Investment Fund 96

087 570 214  
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639 624 883

# COLONIAL FIRST STATE WHOLESALE FUNDS

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# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Funds as listed below, present their report together with the Financial Report of the Funds for the reporting period as stated below.

### Reporting Period

The current reporting period for the financial report is from 1 July 2020 to 30 June 2021. The comparative reporting period is from 1 July 2019 (or date of registration of the Fund) to 30 June 2020.

### Date of Constitutions and Date of Registration of the Funds

The Funds in this Financial Report and their dates of Constitution and Registration with the Australian Securities & Investments Commission (ASIC) are as follows:

Name of Fund	Also referred to in this report as	Date of Constitution	Date of Registration
Colonial First State Wholesale Australian Share Fund	First Sentier Wholesale Australian Share Fund (formerly Colonial First State Wholesale Australian Share Fund)	11/05/1999	9/06/1999
Colonial First State Wholesale Industrial Share Fund	First Sentier Australian Share Growth Fund (formerly Colonial First State Australian Share Growth Fund)	11/05/1999	9/06/1999
Colonial First State Investment Fund 96	Realindex Global Diversified Alpha	6/12/2019	12/03/2020

### Principal Activities

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in the current Information Memorandums and their Constitutions.

Please refer to the current Information Memorandums for more information.

### Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' Report have been rounded to either the nearest dollar or the nearest thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, as indicated.

### Comparatives

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current reporting period.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### Review of Operations

#### Income

The results of the operations for the Funds for the current and previous reporting periods are tabled below:

Name of Fund	Operating profit/(loss) Attributable to unitholders	
	Period ended 30/06/2021 \$'000	Period ended 30/06/2020 \$'000
First Sentier Wholesale Australian Share Fund	280,415	37,594
First Sentier Australian Share Growth Fund	89,138	(6,510)
Realindex Global Diversified Alpha	7,452	-

#### Distribution to unitholders

The total amount distributed to unitholders for the current and previous reporting period are as follows:

Name of Fund	Period ended 30/06/2021 \$'000	Period ended 30/06/2020 \$'000
First Sentier Wholesale Australian Share Fund	92,159	53,858
First Sentier Australian Share Growth Fund	32,450	14,760
Realindex Global Diversified Alpha	-	-

Details of the income distributions for the reporting periods ended 30 June 2021 and 30 June 2020 are disclosed in the "Distributions to Unitholders" note to the financial statements.

#### Exit Prices

The exit price is the price at which unitholders realise an entitlement in a fund and is calculated by deducting a predetermined cost of selling (commonly known as the "sell spread"), if applicable, from the net asset value per unit ("NAV unit price") of a fund. NAV unit price is calculated by taking the total fair value of all of the Funds' assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by unitholders on that day.

The following unit prices represent the ex-distribution exit unit prices as at 30 June 2021, together with comparative unit prices as at 30 June 2020:

Name of Fund	30/06/2021 \$	30/06/2020 \$
First Sentier Wholesale Australian Share Fund	2.3215	1.8988
First Sentier Australian Share Growth Fund	1.8068	1.5333
Realindex Global Diversified Alpha	1.0217	n/a

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### Review of Operations (continued)

#### Other considerations

In March 2020, the World Health Organisation declared COVID-19 as a pandemic. Governments in Australia and around the world have introduced significant restrictions to business in order to curb the spread of the virus. These include travel restrictions and quarantines which have disrupted supply chains and resulted in lower consumer demand and general market uncertainty. As a result, the effects of COVID-19 have impacted the global economy, the economies of certain nations and individual issuers, all of which have potentially impacted the Funds' performance. The pandemic has had, and continues to have, an impact on the general business environment and financial markets, which the Responsible Entity is monitoring.

#### Responsible Entity and Directors

The Responsible Entity of the Funds is Colonial First State Investments Limited (the Responsible Entity). The ultimate holding company is the Commonwealth Bank of Australia (CBA) (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Name of Director	Date of Appointment or resignation
Anne Ward	Resigned on 31 December 2020.
Penelope James	Appointed on 1 January 2013.
Edward James Eason	Resigned on 30 June 2021.
Benjamin Andrew Heap	Appointed on 1 January 2019.
Gregory Cooper	Appointed 12 November 2019.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

#### Scheme Information

The Funds are registered managed investment schemes domiciled in Australia and have their principal place of business at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

#### Unit Pricing Adjustments Policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant, transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a tolerance level of 0.30% (0.05% for a cash investment option) in the unit price to assess corrections.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed the Responsible Entity will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases the Responsible Entity may compensate where the unit pricing error is less than the tolerance levels.



# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### Significant Changes in the State of Affairs

On 13 May 2020, CBA entered into an agreement to sell a 55% interest in a company holding 100% of the shares in the Responsible Entity to an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, KKR). Subject to regulatory approvals, the sale is expected to be completed in the 2021 calendar year and KKR expects to make its investment primarily from its Asian private equity fund. Any changes to the operations of the Responsible Entity or the Funds as a result of this transaction is unknown at present.

There were no other significant changes in the nature of the Funds' activities during the reporting period.

### Matters Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the current reporting period that have significantly affected, or may significantly affect:

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

### Indemnification and Insurance Premiums for Officers and Auditor

No insurance premiums are paid for out of the assets of the Funds in relation to insurance cover provided to the Responsible Entity or the auditor of the Funds. So long as the officers of the Responsible Entity act in accordance with the Constitutions and the Corporations Act 2001, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditor of the Funds is in no way indemnified out of the assets of the Funds.

CBA has paid insurance premiums for the benefit of the Directors and Officers of the Responsible Entity. Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the insurance contracts.

### Likely Developments and Expected Results of Operations

The Funds are expected to continue to operate within the terms of their Constitutions, and will continue to invest in accordance with their investment objectives and guidelines.

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

At the time of preparing this report the Responsible Entity is not aware of any likely developments which would impact upon the future operations of the Funds.

### Fees Paid to and Received by the Responsible Entity or its Associates

Fees paid or payable to the Responsible Entity and its associates out of the Funds' assets during the reporting period are disclosed in the Statements of Comprehensive Income.

No fees were paid to the Directors of the Responsible Entity during the reporting period out of the Funds' assets.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### Interests in the Funds

The units issued and redeemed in the Funds during the period and the number of units on issue at the end of the financial period are set out in "Changes in Net Assets Attributable to Unitholders" note to the financial statements. The value of the Funds' assets at the end of the financial period are set out in the Balance Sheets.

Any interests in the Funds held by the Responsible Entity or its associates at the end of the reporting period are disclosed in the "Related Parties Disclosures" note to the financial statements.

### Environmental Regulation

The Funds' operations are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Funds.

### Single Financial Report

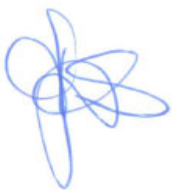
The Funds are of the kind referred to in ASIC Corporation Instrument 2015/839 dated 1 October 2015 issued by ASIC in accordance with that ASIC Corporation Instrument, funds with a common Responsible Entity can include the financial statements in adjacent columns in a single financial report.

Proceeds from redeeming units in a fund can be applied to acquire units in other funds included in this financial report.

### 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 in the following page.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.



Penelope James  
Director  
Sydney  
25 August 2021



## *Auditor's Independence Declaration*

As lead auditor for the audit of Colonial First State Wholesale Funds (each a Registered Scheme) for the year ended 30 June 2021, 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.

This declaration is in respect of each Registered Scheme set out in the Directors' Report.

A handwritten signature in black ink that reads 'Klynton Hankin'.

Klynton Hankin  
Partner  
PricewaterhouseCoopers

Sydney  
25 August 2021

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Liability limited by a scheme approved under Professional Standards Legislation.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

		<b>First Sentier Wholesale Australian Share Fund</b>		<b>First Sentier Australian Share Growth Fund</b>		<b>Realindex Global Diversified Alpha</b>	
	<b>Note</b>	<b>1/07/2020 - 30/06/2021</b>	<b>1/07/2019 - 30/06/2020</b>	<b>1/07/2020 - 30/06/2021</b>	<b>1/07/2019 - 30/06/2020</b>	<b>1/07/2020 - 30/06/2021</b>	<b>12/03/2020 - 30/06/2020</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment Income</b>							
Interest income	3	-	89	1	24	-	-
Dividend income		21,560	23,351	9,769	10,638	293	-
Distribution income		3,006	823	1,392	298	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss		265,579	23,146	81,487	(13,773)	8,138	-
Other income		2	24	1	4	-	-
Net foreign exchange gain/(loss)		-	-	-	-	(778)	-
<b>Total investment income/(loss)</b>		<b>290,147</b>	<b>47,433</b>	<b>92,650</b>	<b>(2,809)</b>	<b>7,653</b>	<b>-</b>
<b>Expenses</b>							
Responsible Entity's management fees	8(c)	9,328	9,022	3,236	3,339	69	-
Custody fees	8(d)	48	62	17	22	4	-
Brokerage costs		350	750	256	336	47	-
Other expenses		6	5	3	4	81	-
<b>Total operating expenses</b>		<b>9,732</b>	<b>9,839</b>	<b>3,512</b>	<b>3,701</b>	<b>201</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>		<b>280,415</b>	<b>37,594</b>	<b>89,138</b>	<b>(6,510)</b>	<b>7,452</b>	<b>-</b>
Other comprehensive income for the period		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>280,415</b>	<b>37,594</b>	<b>89,138</b>	<b>(6,510)</b>	<b>7,452</b>	<b>-</b>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**BALANCE SHEETS  
AS AT 30 JUNE 2021**

		First Sentier Wholesale Australian Share Fund		First Sentier Australian Share Growth Fund		Realindex Global Diversified Alpha	
	Note	30/06/2021 \$'000	30/06/2020 \$'000	30/06/2021 \$'000	30/06/2020 \$'000	30/06/2021 \$'000	30/06/2020 \$'000
<b>Assets</b>							
Cash and cash equivalents		20,311	9,618	7,860	2,788	3,365	-
Trade and other receivables:							
- due from brokers - receivable for securities sold		4,725	1,808	-	489	-	-
- application monies		1,768	101	-	-	-	-
- dividends		2,200	1,436	1,048	795	224	-
- others		187	150	68	64	1	-
Financial assets at fair value through profit or loss	5	1,058,815	848,889	349,546	327,632	331,459	-
<b>Total assets</b>		<b>1,088,006</b>	<b>862,002</b>	<b>358,522</b>	<b>331,768</b>	<b>335,049</b>	<b>-</b>
<b>Liabilities</b>							
Trade and other payables:							
- due to brokers - payable for securities purchased		7,367	1,846	1,986	389	-	-
- redemptions		120	3	-	-	-	-
- others		6	3	2	3	4	-
Distribution payable		5,054	1,907	38	-	-	-
Responsible Entity - fee payable	8(c)	811	642	263	245	69	-
Financial liabilities at fair value through profit or loss	5	-	-	-	-	8	-
<b>Total liabilities</b>		<b>13,358</b>	<b>4,401</b>	<b>2,289</b>	<b>637</b>	<b>81</b>	<b>-</b>
<b>Net assets attributable to unitholders</b>		<b>1,074,648</b>	<b>857,601</b>	<b>356,233</b>	<b>331,131</b>	<b>334,968</b>	<b>-</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		1,073,105	856,476	355,705	330,764	334,698	-
Adjustments arising from different unit pricing and AIFRS valuation principles		(532)	(534)	(143)	(257)	(107)	-
Buy and sell spread		2,055	1,641	669	629	335	-
Adjustment to period end accruals		20	18	2	(5)	42	-
<b>Net assets attributable to unitholders</b>		<b>1,074,648</b>	<b>857,601</b>	<b>356,233</b>	<b>331,131</b>	<b>334,968</b>	<b>-</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**STATEMENTS OF CHANGES IN EQUITY  
AS AT 30 JUNE 2021**

		<b>First Sentier Wholesale Australian Share Fund</b>		<b>First Sentier Australian Share Growth Fund</b>		<b>Realindex Global Diversified Alpha</b>	
	<b>Note</b>	<b>30/06/2021 \$'000</b>	<b>30/06/2020 \$'000</b>	<b>30/06/2021 \$'000</b>	<b>30/06/2020 \$'000</b>	<b>30/06/2021 \$'000</b>	<b>30/06/2020 \$'000</b>
<b>Opening equity at the beginning of the period</b>		857,601	1,015,962	331,131	381,337	-	-
Profit/(Loss) for the period		280,415	37,594	89,138	(6,510)	7,452	-
Other comprehensive income for the period		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>280,415</b>	<b>37,594</b>	<b>89,138</b>	<b>(6,510)</b>	<b>7,452</b>	<b>-</b>
<b>Transactions with unitholders in their capacity as owners</b>							
Distribution to unitholders	4	(92,159)	(53,858)	(32,450)	(14,760)	-	-
Application of units		62,755	42,140	47	9,361	333,516	-
Redemption of units		(116,901)	(233,477)	(64,010)	(53,023)	(6,000)	-
Reinvestment during the period		82,937	49,240	32,377	14,726	-	-
<b>Closing equity at the end of the period</b>		<b>1,074,648</b>	<b>857,601</b>	<b>356,233</b>	<b>331,131</b>	<b>334,968</b>	<b>-</b>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**CASH FLOW STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

	<b>First Sentier Wholesale Australian Share Fund</b>		<b>First Sentier Australian Share Growth Fund</b>		<b>Realindex Global Diversified Alpha</b>	
<b>Note</b>	<b>1/07/2020 - 30/06/2021 \$'000</b>	<b>1/07/2019 - 30/06/2020 \$'000</b>	<b>1/07/2020 - 30/06/2021 \$'000</b>	<b>1/07/2019 - 30/06/2020 \$'000</b>	<b>1/07/2020 - 30/06/2021 \$'000</b>	<b>12/03/2020 - 30/06/2020 \$'000</b>
<b>Cash flows from operating activities</b>						
Proceeds from sale of financial instruments	281,121	547,637	176,830	215,126	221,541	-
Payments for purchase of financial instruments	(219,858)	(381,731)	(113,780)	(183,549)	(545,635)	-
Interest received	1	109	1	30	-	-
Dividends received	20,797	26,057	9,516	11,455	72	-
Responsible Entity fee received/ (paid)	(9,196)	(9,123)	(3,222)	(3,373)	-	-
Payment for brokerage costs	(350)	(750)	(256)	(336)	(47)	-
Other receipts/(payments)	(52)	(40)	(20)	(18)	(81)	-
<b>Net cash (used in)/from operating activities</b>	<b>72,463</b>	<b>182,159</b>	<b>69,069</b>	<b>39,335</b>	<b>(324,150)</b>	<b>-</b>
<b>Cash flows from financing activities</b>						
Receipts from issue of units	61,087	42,039	47	9,360	333,515	-
Payment for redemption of units	(116,782)	(233,474)	(64,010)	(53,023)	(6,000)	-
Distributions paid	(6,075)	(6,941)	(34)	(45)	-	-
<b>Net cash (used in)/from financing activities</b>	<b>(61,770)</b>	<b>(198,376)</b>	<b>(63,997)</b>	<b>(43,708)</b>	<b>327,515</b>	<b>-</b>
<b>Net movement in cash and cash equivalents</b>	<b>10,693</b>	<b>(16,217)</b>	<b>5,072</b>	<b>(4,373)</b>	<b>3,365</b>	<b>-</b>
Add opening cash and cash equivalents brought forward	9,618	25,835	2,788	7,161	-	-
<b>Closing cash and cash equivalents carried forward</b>	<b>20,311</b>	<b>9,618</b>	<b>7,860</b>	<b>2,788</b>	<b>3,365</b>	<b>-</b>

Non-cash financing activities are disclosed in part (b) under "Cash and Cash Equivalents" note to the financial statements. Non-cash financing and investing activities relating to the reinvestment of distributions are disclosed in the "Changes in Net Assets Attributable to Unitholders" note.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 1. 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 the periods presented, unless otherwise stated.

#### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 in Australia. The Funds are for-profit unit trusts for the purpose of preparing these financial statements.

The Balance Sheets are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Funds 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.

The financial report was authorised for issue by the Directors of the Responsible Entity on 25 August 2021. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

The current reporting period is from 1 July 2020 to 30 June 2021. The comparative reporting period is from 1 July 2019 (or date of registration of the Fund) to 30 June 2020.

Both the functional and presentation currency of the Funds are Australian dollars.

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current reporting period.

The Funds are registered schemes of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to either the nearest dollar or the nearest thousand dollars, as indicated.

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

The Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

#### (ii) New and Amended Standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the Funds.



# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Investments in Financial Assets and Liabilities at Fair Value through Profit or Loss

##### (i) Classification

###### Assets

The Funds classify their investments based on their business models for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' 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.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model objective. Consequently, the debt securities are measured at fair value through profit or loss.

###### Liabilities

The Funds make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or they may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

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

##### (ii) Recognition/Derecognition

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

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

##### (iii) Measurement

At initial recognition, the Funds measure financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial 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 within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair values of financial instruments are determined please see "Financial Assets and Liabilities at Fair Value through Profit or Loss" note to the financial statements.

##### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to the "Offsetting Financial Assets and Financial Liabilities" note to the financial statements for further information.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Investment Income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statements of comprehensive income within dividend income and distribution income when the Funds' right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the policies described in the "Financial assets and liabilities at fair value through profit or loss" note to the financial statements.

#### (d) Due from/to Brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

#### (e) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheets comprise cash at bank, deposits at call with financial institutions and short-term bank deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

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

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 1(c) above. Amounts are generally received within 30 days of being recorded as receivables.

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

The amount of the impairment loss is recognised in 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.

#### (g) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period. As the Funds have a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the balance sheets as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

#### (h) Taxation

Under current legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

#### (i) Distributions to Unitholders

Distributions are payable as set out in the Funds' Product Disclosure Statements/Information Memorandums. Such distributions are determined by the Responsible Entity of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held at fair value through profit or loss. Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Net Assets Attributable to Unitholders

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

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' 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 Funds. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when 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 Funds' 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 Funds, and it is not a contract settled in the Funds' 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.

The Funds' units have been classified as equity as they satisfied all the above criteria.

#### (k) Terms and Conditions on Units

Each unit issued confers upon the unitholder an equal interest in the respective fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the particular fund. Unitholders have various rights under the Constitutions and the Corporations Act 2001, including the right to:

- have their units redeemed;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the fund.

The rights, obligations and restrictions attached to each unit within each fund are identical in all respects.

#### (l) Applications and Redemptions

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

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

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Expense Recognition

All expenses, including responsible entity fees and custodian fees, are recognised in profit or loss on an accruals basis.

#### (o) Use of Estimates

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

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

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### (p) Unit Prices

Unit prices are determined in accordance with the Funds' Constitutions and are calculated as the net assets attributable to unitholders, divided by the number of units on issue. Financial assets and liabilities held at fair value through profit or loss for unit pricing purposes are valued on a "last sale" price basis.

#### (q) Investment Entity

The Responsible Entity has determined that the Funds are investment entities under the definition in AASB 10 as they meet the following criteria:

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

The Funds also meet all of the typical characteristics of investment entities.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Transactions in Foreign Currencies

Items included in the Funds' 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 Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

The Funds mainly transact in Australian currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the Balance Sheets date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the profit or loss in the period in which they arise.

The Funds do not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit and 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 and loss.

#### (s) New Application of Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material impact on the financial statements of the Funds.

#### (t) Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Funds' power over the activities of the entity and their exposure to and ability to influence its own returns, they may control the entity. However, the Funds apply the Investment Entity Exemption available under AASB10 and therefore do not consolidate its controlled entities (Note 1(q)). In other cases they may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Funds. Such interests include holdings of units in unlisted trusts, including managed investment schemes. The nature and extent of the Funds' interests in structured entities are titled "managed investment schemes" and are summarised in Note 1(b), "Financial Assets Held at Fair Value through Profit or Loss" and "Related Parties Disclosures" notes where appropriate. The total size of the structured entities that the Funds have exposure to is the net assets of the "managed investment schemes", which is determined based on the percentage interest held and carrying value disclosed in the "Related Parties Disclosures" note.

### 2. AUDITOR'S REMUNERATION

During the year, audit fees were paid by the Responsible Entity for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the Funds. Other services provided by the auditor are the audit of the compliance plan of the Funds and tax compliance services which are also paid by the Responsible Entity. The Responsible Entity aggregates these fees with other costs incurred on behalf of the Funds in order to recharge a portion of these costs to the Funds, however no individual fund allocation of remuneration paid to the auditor has been determined by the Responsible Entity.

## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

#### 3. INTEREST INCOME

Interest income of the Funds is derived mainly from interest earned on bank accounts which are measured at amortised cost.

#### 4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represent the components of the distributions for the reporting period which had not been paid at balance date.

##### Quarterly and half-yearly distributing Funds:

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) during the period were:

<b>First Sentier Wholesale Australian Share Fund</b>				
Period ended:	1/07/2020 - 30/06/2021		1/07/2019 - 30/06/2020	
	cpu	\$'000	cpu	\$'000
- 30 September	0.70	3,088	1.70	8,690
- 31 December	2.50	10,909	2.20	11,083
- 31 March	6.70	29,044	2.80	13,179
- 30 June	11.08	49,118	4.74	20,906
<b>Distributions to unitholders</b>		<b>92,159</b>		<b>53,858</b>

<b>First Sentier Australian Share Growth Fund</b>				
Period ended:	1/07/2020 - 30/06/2021		1/07/2019 - 30/06/2020	
	cpu	\$'000	cpu	\$'000
- 30 September	1.00	2,071	1.50	3,281
- 31 December	1.80	3,497	3.80	8,198
- 31 March	5.30	10,054	1.50	3,281
- 30 June	8.97	16,828	-	-
<b>Distributions to unitholders</b>		<b>32,450</b>		<b>14,760</b>

<b>Realindex Global Diversified Alpha</b>				
Period ended:	1/07/2020 - 30/06/2021		12/03/2020 - 30/06/2020	
	cpu	\$'000	cpu	\$'000
- 31 December	-	-	-	-
- 30 June	-	-	-	-
<b>Distributions to unitholders</b>		<b>-</b>		<b>-</b>

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

#### (a) Fair Value Measurements

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss
- Derivative financial instruments

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

Other than the financial assets and liabilities classified as fair value through profit or loss, all other financial assets and liabilities of the fund are recognised initially at fair value and are subsequently measured at amortised cost.

In March 2020, the World Health Organisation declared COVID-19 as a pandemic. Governments in Australia and around the world have introduced significant restrictions to business in order to curb the spread of the virus. These include travel restrictions and quarantines which have disrupted supply chains and resulted in lower consumer demand and general market uncertainty. As a result, the effects of COVID-19 have impacted the global economy, the economies of certain nations and individual issuers, all of which have potentially impacted the Funds' performance. The pandemic has had, and continues to have, an impact on the general business environment and financial markets, which the Responsible Entity is monitoring.

#### (b) Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

#### (i) Fair Value in an active market (Level 1)

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

The Funds value their investments in accordance with policies set out in Note 1 to the financial statements. For the majority of these investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

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

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



## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

#### 5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

##### (b) Fair Value Hierarchy (continued)

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

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

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

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

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

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

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, to allow for additional factors including liquidity risk and counterparty risk.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

**(c) Recognised Fair Value Measurements**

The following tables presents the Funds' assets and liabilities measured and recognised at fair value as at the end of the reporting periods.

<b>First Sentier Wholesale Australian Share Fund</b>				
<b>30/06/2021</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets at fair value through profit or loss:</b>				
Listed Equities	962,311	957,726	4,585	-
Listed Property Trusts	48,725	48,725	-	-
Managed Investment Schemes	47,779	-	47,779	-
<b>Total Assets at fair value through profit or loss</b>	<b>1,058,815</b>	<b>1,006,451</b>	<b>52,364</b>	<b>-</b>
<b>30/06/2020</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets at fair value through profit or loss:</b>				
Listed Equities	768,320	768,320	-	-
Listed Property Trusts	42,759	42,759	-	-
Managed Investment Schemes	37,810	-	37,810	-
<b>Total Assets at fair value through profit or loss</b>	<b>848,889</b>	<b>811,079</b>	<b>37,810</b>	<b>-</b>

<b>First Sentier Australian Share Growth Fund</b>				
<b>30/06/2021</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets at fair value through profit or loss:</b>				
Listed Equities	327,471	325,485	1,986	-
Managed Investment Schemes	22,075	-	22,075	-
<b>Total Assets at fair value through profit or loss</b>	<b>349,546</b>	<b>325,485</b>	<b>24,061</b>	<b>-</b>
<b>30/06/2020</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets at fair value through profit or loss:</b>				
Listed Equities	310,567	310,567	-	-
Managed Investment Schemes	17,065	-	17,065	-
<b>Total Assets at fair value through profit or loss</b>	<b>327,632</b>	<b>310,567</b>	<b>17,065</b>	<b>-</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

**(c) Recognised Fair Value Measurements (continued)**

<b>Realindex Global Diversified Alpha</b>				
<b>30/06/2021</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets at fair value through profit or loss:</b>				
Listed Equities	331,452	330,976	476	-
Derivatives	7	7	-	-
<b>Total Assets at fair value through profit or loss</b>	<b>331,459</b>	<b>330,983</b>	<b>476</b>	<b>-</b>
<b>Financial Liabilities at fair value through profit or loss</b>				
Derivatives	(8)	(8)	-	-
<b>Total Liabilities at fair value through profit or loss</b>	<b>(8)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>
<b>30/06/2020</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial Assets at fair value through profit or loss:</b>				
Listed Equities	-	-	-	-
Derivatives	-	-	-	-
<b>Total Assets at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities at fair value through profit or loss</b>				
Derivatives	-	-	-	-
<b>Total Liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(d) Transfers between Levels**

There are no material transfers between levels for the Funds during the current and previous reporting periods.

## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

#### 6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

##### (a) Movements in Number of Units and Net Assets Attributable to Unitholders

<b>First Sentier Wholesale Australian Share Fund</b>				
	1/07/2020 - 30/06/2021		1/07/2019 - 30/06/2020	
	No.'000	\$'000	No.'000	\$'000
Opening balance	451,062	857,601	523,275	1,015,962
Applications	27,852	62,755	21,959	42,140
Redemptions	(52,971)	(116,901)	(121,181)	(233,477)
Units issued upon reinvestment of distributions	36,304	82,937	27,009	49,240
Change in net assets attributable to unitholders from operations		188,256		(16,264)
	<b>462,247</b>	<b>1,074,648</b>	<b>451,062</b>	<b>857,601</b>

<b>First Sentier Australian Share Growth Fund</b>				
	1/07/2020 - 30/06/2021		1/07/2019 - 30/06/2020	
	No.'000	\$'000	No.'000	\$'000
Opening balance	215,720	331,131	231,161	381,337
Applications	26	47	7,030	9,361
Redemptions	(37,181)	(64,010)	(31,975)	(53,023)
Units issued upon reinvestment of distributions	18,304	32,377	9,504	14,726
Change in net assets attributable to unitholders from operations		56,688		(21,270)
	<b>196,869</b>	<b>356,233</b>	<b>215,720</b>	<b>331,131</b>

<b>Realindex Global Diversified Alpha</b>				
	1/07/2020 - 30/06/2021		12/03/2020 - 30/06/2020	
	No.'000	\$'000	No.'000	\$'000
Opening balance	-	-	-	-
Applications	333,515	333,516	-	-
Redemptions	(5,926)	(6,000)	-	-
Units issued upon reinvestment of distributions	-	-	-	-
Change in net assets attributable to unitholders from operations		7,452		-
	<b>327,589</b>	<b>334,968</b>	<b>-</b>	<b>-</b>

##### (b) Capital Risk Management

The Funds consider their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are 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 Funds' underlying assets on a daily basis by the responsible entity. Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**7. CASH AND CASH EQUIVALENTS**

**(a) Reconciliation of Net Profit/(Loss) Attributable to Unitholders to Net Cash from Operating Activities**

<b>First Sentier Wholesale Australian Share Fund</b>		
	<b>1/07/2020 - 30/06/2021 \$'000</b>	<b>1/07/2019 - 30/06/2020 \$'000</b>
Net profit/(loss) attributable to unitholders	280,415	37,594
Proceeds from sale of financial assets and liabilities held at fair value through profit or loss	281,121	547,637
Payments for purchase of financial assets and liabilities held at fair value through profit or loss	(219,858)	(381,731)
Changes in fair value of financial assets and liabilities held at fair value through profit or loss	(265,579)	(23,146)
Distribution or Dividend income reinvested	(3,006)	(823)
Net foreign exchange gain/(loss)	-	-
Change in receivables and other assets	(802)	2,860
Change in payables and other liabilities	172	(232)
<b>Net Cash From/(Used In) Operating Activities</b>	<b>72,463</b>	<b>182,159</b>

<b>First Sentier Australian Share Growth Fund</b>		
	<b>1/07/2020 - 30/06/2021 \$'000</b>	<b>1/07/2019 - 30/06/2020 \$'000</b>
Net profit/(loss) attributable to unitholders	89,138	(6,510)
Proceeds from sale of financial assets and liabilities held at fair value through profit or loss	176,830	215,126
Payments for purchase of financial assets and liabilities held at fair value through profit or loss	(113,780)	(183,549)
Changes in fair value of financial assets and liabilities held at fair value through profit or loss	(81,487)	13,773
Distribution or Dividend income reinvested	(1,392)	(298)
Net foreign exchange gain/(loss)	-	-
Change in receivables and other assets	(259)	859
Change in payables and other liabilities	19	(66)
<b>Net Cash From/(Used In) Operating Activities</b>	<b>69,069</b>	<b>39,335</b>

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**7. CASH AND CASH EQUIVALENTS (continued)**

**(a) Reconciliation of Net Profit/(Loss) Attributable to Unitholders to Net Cash from Operating Activities (continued)**

<b>Realindex Global Diversified Alpha</b>		
	<b>1/07/2020 - 30/06/2021 \$'000</b>	<b>12/03/2020 - 30/06/2020 \$'000</b>
Net profit/(loss) attributable to unitholders	7,452	-
Proceeds from sale of financial assets and liabilities held at fair value through profit or loss	221,541	-
Payments for purchase of financial assets and liabilities held at fair value through profit or loss	(545,635)	-
Changes in fair value of financial assets and liabilities held at fair value through profit or loss	(8,138)	-
Distribution or Dividend income reinvested	-	-
Net foreign exchange gain/(loss)	778	-
Change in receivables and other assets	(221)	-
Change in payables and other liabilities	73	-
<b>Net Cash From/(Used In) Operating Activities</b>	<b>(324,150)</b>	<b>-</b>

**(b) Non-cash Financing Activities Carried Out During the Reporting Periods on Normal Commercial Terms and Conditions include:**

- Reinvestment of unitholders distributions as disclosed under "Units issued upon reinvestment of distributions" in part (a) of the "Changes in Net Assets Attributable to Unitholders" note to the financial statements.
- Participation in dividend reinvestment plans as disclosed under "Distribution or Dividend Income Reinvested" in part (a) of the "Cash and Cash Equivalents" note to the financial statements.

**(c) Terms and Conditions on Cash**

Cash at bank and in hand, cash held as collateral and deposits at call with financial institutions, earn interest at floating rate as determined by the financial institutions.

**(d) Derivative Cash Accounts**

Included in the cash and cash equivalents are derivative cash accounts which comprise of margin accounts and cash held as collateral for derivative transactions.

<b>Name of Fund:</b>	<b>30/06/2021 \$'000</b>	<b>30/06/2020 \$'000</b>
Realindex Global Diversified Alpha	714	-

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (CBA).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

On 13 May 2020, CBA entered into an agreement to sell a 55% interest in a company holding 100% of the shares in the Responsible Entity to an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, KKR). Subject to regulatory approvals, the sale is expected to be completed in the 2021 calendar year and KKR expects to make its investment primarily from its Asian private equity fund. Any changes to the operations of the Responsible Entity or the Funds as a result of this transaction is unknown at present.

#### (b) Details of Key Management Personnel

##### (i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Name of Director	Date of Appointment or Resignation
Anne Ward	Resigned on 31 December 2020.
Penelope James	Appointed on 1 January 2013.
Edward James Eason	Resigned on 30 June 2021.
Benjamin Andrew Heap	Appointed on 1 January 2019.
Gregory Cooper	Appointed 12 November 2019.

##### (ii) Compensation of Key Management Personnel

No amounts are paid by the Funds directly to the Directors of the Responsible Entity of the Funds. Edward Eason is employed as an executive of the Commonwealth Bank of Australia, and in that capacity, part of his role is to act as a director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Funds to the Directors as Key Management Personnel.

#### (c) Responsible Entity's Management Fees

Under the terms of the Constitutions, the Responsible Entity is entitled to receive monthly management fees which are expressed as a percentage of the total assets of each fund (i.e. excluding liabilities). Management fees are paid directly by the Funds. The table below shows the current fee rates charged.

Where monies are invested into other funds managed by the Responsible Entity the management fees are calculated after rebating fees charged in the underlying funds. As a consequence, the amounts shown in the Statements of Comprehensive Income reflect only the amount of fees charged directly to the respective Funds.

## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

#### 8. RELATED PARTIES DISCLOSURES (continued)

##### (c) Responsible Entity's Management Fees (continued)

The management fees rate charged for the current and comparative reporting periods are as follows:

Name of Fund:	Period Ended 30/06/2021 Management Fees %	Period Ended 30/06/2020 Management Fees %
First Sentier Wholesale Australian Share Fund	0.95	0.95
First Sentier Australian Share Growth Fund	0.95	0.95
Realindex Global Diversified Alpha	0.25	n/a

The actual management fee rate charged for global investing funds are lower than those disclosed above. This is due to these Funds being entitled to claim 100% of the Good and Services Tax ("GST") as compared to 75% for domestic investing Funds.

The Responsible Entity's management fees charged for the reporting periods are as follows:

Name of Fund:	Period Ended 30/06/2021 \$	Period Ended 30/06/2020 \$
First Sentier Wholesale Australian Share Fund	9,327,556	9,022,235
First Sentier Australian Share Growth Fund	3,236,326	3,339,499
Realindex Global Diversified Alpha	68,865	-

Fees due to/(refund from) the Responsible Entity as at the end of the reporting periods are as follows:

Name of Fund:	Period Ended 30/06/2021 \$	Period Ended 30/06/2020 \$
First Sentier Wholesale Australian Share Fund	811,268	642,126
First Sentier Australian Share Growth Fund	262,817	245,255
Realindex Global Diversified Alpha	68,865	-

##### (d) Management Expenses Recharged

The Responsible Entity is responsible for paying the custody fees on behalf of the Funds. The amount paid is based on the overall arrangement in place with the custodian. The Responsible Entity recharges the custody fees to the Funds. The amount recharged is disclosed as "Custody Fees" in the "Statements of Comprehensive Income".

The Responsible Entity is also responsible for paying certain expenses (such as audit fees, printing and postage) for the Funds. The amount recharged is based on the lower of the expenses paid or 0.03% of the net assets of the Funds. The amount recharged is disclosed under "Expenses Recharged" in the "Statements of Comprehensive Income".



# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (e) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Funds may be held with CBA. Fees and expenses are negotiated on an arm's length basis. Various short term money market, fixed interest securities and foreign currency transactions are from time to time transacted through CBA which receives a fee which is negotiated on an arm's length basis.

#### (f) Units Held by Related Parties

Other funds managed by the Responsible Entity or its affiliates may from time to time purchase or redeem units in the Funds. Such activity is undertaken in the ordinary course of business at entry and exit prices available to all investors at the time of the transaction.

The interests of Colonial First State Investments Limited and its associates in the Funds are tabled below:

Name of Fund:	30/06/2021 Number of Units No.'000	30/06/2020 Number of Units No.'000
First Sentier Wholesale Australian Share Fund	394,974	391,252
First Sentier Australian Share Growth Fund	195,917	214,782
Realindex Global Diversified Alpha	327,590	-

#### (g) Related Party Transactions

The Funds may transact with other managed investment schemes, which are also managed by the Responsible Entity. These transactions normally consist of the sale or purchase of units in related managed investment schemes and receipt and payment of distributions on normal commercial terms and conditions.

#### (i) Terms and Conditions of Transactions with Related Parties

All related party transactions are made in arm's length transactions on normal commercial terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash.

#### (ii) Guarantees

There have been no guarantees provided or received for any related party receivables.

## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

#### 8. RELATED PARTIES DISCLOSURES (continued)

##### (h) Investing Activities

##### (i) Related Managed Investment Schemes

The following funds held investments in the following managed investment schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

Investment Name	Units Held at Period End No'000	Value of Investment at Period End \$'000	Interest held in Investment at Period End %	Units Acquired During Period No'000	Units Disposed During Period No'000	Distribution Received \$'000
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##### First Sentier Wholesale Australian Share Fund

Units held in:

Colonial First State Global Asset Management Equity Trust 5

- 2021	36,722	47,779	18.16	2,375	5,149	3,006
- 2020	39,496	37,810	18.58	918	10,927	823

##### First Sentier Australian Share Growth Fund

Units held in:

Colonial First State Global Asset Management Equity Trust 5

- 2021	16,967	22,075	8.39	1,099	1,958	1,392
- 2020	17,826	17,065	8.39	2,383	2,390	298

##### (ii) Related Listed Securities

The following Funds invest in listed securities issued by the Bank and its related parties as follows:

Investment Name	Shares Held At The End of the Period No.'000	Value of Investment At Period End \$'000	Interest held in Investment at Period End %	Shares Acquired During Period No.'000	Shares Disposed During Period No.'000	Distribution Received \$'000
-----------------	---	---	--	--	--	---------------------------------

##### First Sentier Wholesale Australian Share Fund

Commonwealth Bank of Australia

- 2021	911	90,938	0.05	51	47	2,277
- 2020	907	62,992	0.05	189	299	3,968

##### First Sentier Australian Share Growth Fund

Commonwealth Bank of Australia

- 2021	339	33,837	0.02	65	146	1,048
- 2020	420	29,168	0.02	162	78	1,473

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(h) Investing Activities**

**(iii) Other related Financial Instruments**

The Funds did not invest in derivatives, money market and fixed interest securities issued by the Commonwealth Bank of Australia and its associates.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 9. FINANCIAL RISK MANAGEMENT

Investing activities of the Funds may expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The overall risk management programme focuses on ensuring compliance with its Product Disclosure Statement/Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the respective investment management departments (Investment Managers) and regularly monitored by the Investment Review Services Department of the Responsible Entity.

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

#### (a) Market Risk

##### (i) Price Risk

Financial assets are either directly or indirectly exposed to price risk. This arises from investments held for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

An Investment Manager may mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Product Disclosure Statement/Information Memorandum or Constitutions and monitored by the Investment Review Services Department of the Responsible Entity.

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements summarises the impact of an increase/decrease of the Australian and global indexes on the Funds' net assets attributable to unitholders at the end of the reporting periods. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled with all other variables held constant and that fair values of the Funds move according to the historical correlation with the indexes.

##### (ii) Foreign Exchange Risk

The Funds may hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates. The risk is measured using sensitivity analysis.

The Funds may manage this risk by entering into foreign exchange forward contracts to hedge the risks. The terms and conditions of these contracts rarely exceed twelve months and are contracted in accordance with the investment guidelines. However, for accounting purposes, these Funds do not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

The tables below summarises the Funds' assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**9. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Foreign Exchange Risk (continued)**

<b>Realindex Global Diversified Alpha</b>					
	<b>United States Dollar</b>	<b>European Euro</b>	<b>Japanese Yen</b>	<b>Hong Kong Dollar</b>	<b>Others</b>
<b>30/06/2021</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>
Cash and cash equivalents	62	3	-	1	539
Receivables	78	27	5	31	84
Financial assets held at FVTPL*	197,615	26,814	18,227	11,530	77,267
Derivatives	7	-	-	-	-
Financial liabilities held at FVTPL* - Derivatives	(3)	(5)	-	-	-
	<b>197,759</b>	<b>26,839</b>	<b>18,232</b>	<b>11,562</b>	<b>77,890</b>
	-	-	-	-	<b>Others</b>
	-	-	-	-	-
<b>30/06/2020</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>	<b>AUD \$'000</b>
Cash and cash equivalents	-	-	-	-	-
Receivables	-	-	-	-	-
Financial assets held at FVTPL*	-	-	-	-	-
Derivatives	-	-	-	-	-
Financial liabilities held at FVTPL* - Derivatives	-	-	-	-	-
	-	-	-	-	-

\* FVTPL denotes Fair Value through profit and loss

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements summarises the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar strengthened/weakened by a pre-determined percentage as disclosed in the table for the reporting periods against each of the other currencies to which the Funds are exposed.

**(iii) Interest Rate Risk**

The exposure to interest rate risk of the Funds contained in this Financial Report is limited to its cash and cash equivalents or bank overdraft, which earns/(charges) a floating rate of interest.

## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

#### 9. FINANCIAL RISK MANAGEMENT (continued)

##### (b) Summarised Sensitivity Analysis

The following tables summarise the sensitivity of the Funds' operating profit or loss and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Certain funds may not be subject to all these risks and are denoted with "-" in the tables below.

First Sentier Wholesale Australian Share Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-25 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-20.00% \$'000	20.00% \$'000
30/06/2021	( 51)	102	-	-	( 172,197)	172,197
30/06/2020	( 24)	48	-	-	( 136,739)	136,739

First Sentier Australian Share Growth Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-25 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-20.00% \$'000	20.00% \$'000
30/06/2021	( 20)	39	-	-	( 56,699)	56,699
30/06/2020	( 7)	14	-	-	( 54,504)	54,504

**COLONIAL FIRST STATE WHOLESALE FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

**9. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Summarised Sensitivity Analysis (continued)**

<b>Realindex Global Diversified Alpha</b>						
	<b>Interest rate risk</b>		<b>Foreign exchange risk</b>		<b>Price risk</b>	
	<b>Impact on operating profit/(loss) and net assets attributable to unitholders</b>					
	<b>-25 basis points \$'000</b>	<b>50 basis points \$'000</b>	<b>-10.00% \$'000</b>	<b>10.00% \$'000</b>	<b>-15.00% \$'000</b>	<b>15.00% \$'000</b>
<b>30/06/2021</b>	( 8)	17	( 83)	83	( 49,719)	49,718
<b>30/06/2020</b>	-	-	-	-	-	-

**(c) Credit risk**

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high credit rating. The Funds' investments in managed investment schemes are subject to credit risk at the point in time it renders its investment. However, as the Responsible Entity of the Funds are the same as the underlying investment, the credit risk is deemed to be insignificant.

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. The Funds primarily hold investments in managed investment schemes which are managed by the Responsible Entity. These investments are readily disposable.

The Funds' listed securities are considered readily realisable, as they are listed on either the Australian Stock Exchange or other recognised International Stock Exchanges.

Certain funds 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 Funds may not be able to quickly liquidate 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 or counterparty. Investments with a higher liquidity risk have been disclosed under "Level 3" in the "Fair Value Hierarchy" of "Financial Assets and Liabilities Held at Fair Value through Profit or Loss" note to the Financial Statements.

The Funds' financial liabilities, excluding derivative financial liabilities, comprise trade and other payables and are contractually due within 30 days.

The table below analyses the Funds' derivative financial instruments into relevant maturity groupings based on the remaining period to the contractual maturity date at the year end date. The amounts disclosed in the table are the contractual undiscounted gross cash flows expected to be paid or received, determined by reference to the conditions existing at the reporting period end date. The contractual amounts can be settled on a gross or net basis.

Realindex Global Diversified Alpha							
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000	Total \$'000
<b>30/06/2021</b>							
Derivatives:							
Inflows	-	7	-	-	-	-	7
(Outflows)	-	(8)	-	-	-	-	(8)
<b>30/06/2020</b>							
Derivatives:							
Inflows	-	-	-	-	-	-	-
(Outflows)	-	-	-	-	-	-	-



## COLONIAL FIRST STATE WHOLESALE FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

#### 10. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business the Funds may enter into transactions in various derivative financial instruments which have 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 Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability against a fluctuation in market values, to reduce volatility or as 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 Funds.

Derivative instruments used by the Funds may include the following:

#### - Futures

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

Derivative financial instruments of the Funds at the end of the reporting period end are detailed below:

<b>Realindex Global Diversified Alpha</b>						
	<b>Contract/ Notional</b>	<b>Fair Values</b>		<b>Contract/ Notional</b>	<b>Fair Values</b>	
		<b>Assets</b>	<b>Liabilities</b>		<b>Assets</b>	<b>Liabilities</b>
	<b>\$'000</b>	<b>30/06/2021 \$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>30/06/2020 \$'000</b>	<b>\$'000</b>
- Share price index futures	2,515	7	(8)	-	-	-
	2,515	7	(8)	-	-	-

# COLONIAL FIRST STATE WHOLESALE FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

### 11. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Certain funds will present the fair value of their derivative assets and liabilities on a gross basis. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the ISDA agreement are terminated, the termination value is assessed and only a single net amount may be payable in settlement of all transactions.

The Funds are not subject to master netting arrangements.

### 12. STRUCTURED ENTITIES

Certain funds have exposures to unconsolidated structured entities through trading activities. These funds typically have no other involvement with the structured entities other than the securities they hold as part of trading activities and their maximum exposure to loss is restricted to the carrying value of the asset.

Exposure to trading assets are managed in accordance with financial risk management practices as set out in "Financial Risk Management" note, which includes an indication of changes in risk measures compared to prior year.

### 13. CONTINGENT LIABILITIES AND COMMITMENTS

The Funds did not have any contingent liabilities or commitments at the end of the current and previous reporting period.

### 14. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred since balance sheet date which would impact on the financial positions of the Funds disclosed in the Balance Sheets as at 30 June 2021 or on the results and cash flows of the Funds for the reporting period ended on that date.

**COLONIAL FIRST STATE WHOLESALE FUNDS**  
**DIRECTORS' DECLARATION**  
**FOR THE REPORTING PERIOD ENDED 30 JUNE 2021**

In the opinion of the Directors of Colonial First State Investments Limited:

- a) the financial statements and notes to the financial statements of the Funds in this Financial Report are in accordance with the Corporations Act 2001, including:
  - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the Funds' financial positions as at 30 June 2021 and of their performances for the reporting period ended on that date, and
- b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable, and
- c) the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1.

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



Penelope James  
Director  
Sydney  
25 August 2021



## *Independent auditor's report*

To the unitholders of Colonial First State Wholesale Funds

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### *Our opinion*

In our opinion:

The accompanying financial report of Colonial First State Wholesale Funds (each a Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### ***What we have audited***

The financial report of Colonial First State Wholesale Funds comprises:

- the balance sheet as at 30 June 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors of the Responsible Entity's declaration

of each Registered Scheme as follows:

- Colonial First State Wholesale Australian Share Fund
- Colonial First State Wholesale Industrial Share Fund
- Colonial First State Investment Fund 96

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### *Basis for opinion*

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

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

### ***Independence***

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*

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(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.

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### *Other information*

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, 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.

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### *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 Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

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

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



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

  
PricewaterhouseCoopers

  
Klynton Hankin  
Partner

Sydney  
25 August 2021

## **Enquiries**

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