Aberdeen Standard Diversified Fixed Income Fund

ARSN 119 678 401

Financial report
For the period from 1 July 2020 to 18 February 2021

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Directors' report

The directors of Aberdeen Standard Investments Australia Limited , the Responsible Entity (the "Responsible Entity") of the Aberdeen Standard Diversified Fixed Income Fund (the "Scheme"), present their report together with the financial statements of the Scheme for the period from 1 July 2020 to 18 February 2021 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Scheme is Level 10, 255 George Street, Sydney NSW 2000.

The directors of Aberdeen Standard Investments Australia Limited during or since the end of the financial period and up to the date of this report are as follows:

Hugh Young
Brett Jollie
Michelle Lopez
Roneel Prasad

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

Until its termination on 18 February 2021, the Scheme invested directly and indirectly in interest bearing securities, term loans, futures and swaps in accordance with the provisions of the Scheme's Constitution. The Responsible Entity resolved and approved the wind up of the Scheme on 30 November 2020. Assets were realised and the Scheme returned the proceeds to unitholders effective 15 January 2021. As a result of the termination, the financial statements of the Scheme have been prepared on a basis other than going concern.

This is the final financial statements for the Scheme, which has terminated on 18 February 2021.

The overall investment objective of the Scheme was to provide exposure to a diversified portfolio of fixed income investments. The Scheme aimed to outperform an aggregate benchmark of 50 Bloomberg AusBond Composite Bond Index and 50% Barclays Global Aggregate Bond Index (hedged to the Australian dollar) over the suggested investment time frame (3 years plus).

The Scheme did not have any employees during the period (2020: Nil).

Directors' report (continued)

Review and results of operations

Results

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

	For the period from 1 July 2020 to 18 February 2021	Year ended 30 June 2020
Operating profit/(loss) ($)	**584,876**	370,406
Distributions paid (30 September) ($)	**21,036**	-
Distributions (cents per unit)	**0.10**	-
Distributions paid (31 December) ($)	**-**	39,987
Distributions (cents per unit)	**-**	0.20
Distributions paid (15 January) ($)	**1,395,168**	-
Distributions (cents per unit)	**7.58**	-
Distributions paid/payable (30 June) ($)	**-**	378,808
Distributions (cents per unit)	**-**	1.83

Interests of the Responsible Entity

The following fees were paid and payable to the Responsible Entity from the Scheme during the financial period.

	For the period from 1 July 2020 to 18 February 2021	Year ended 30 June 2020
	$	$
Management fees paid and payable by the Scheme	**25,749**	35,095

Valuation of assets

	As at	
	18 February 2021	30 June 2020
	$	$
Value of total Scheme assets	**-**	20,918,984

The basis for valuation of the Scheme's assets is disclosed in Note 2, Note 3 and Note 5 to the financial statements.

Directors' report (continued)

Significant changes in the state of affairs

The Responsible Entity resolved and approved the wind up of the Scheme on 30 November 2020 with the Scheme to be terminated in the current period. The financial statements are therefore prepared on a basis other than going concern.

The spread of the novel coronavirus (COVID-19) was declared a global pandemic on 11 March 2020 by the World Health Organisation. The rapid spread of the virus has seen an unprecedented response by governments and regulators. The COVID-19 pandemic is having a significant impact on both local and global economies and financial markets. This has resulted in greater volatility in global and local capital markets and interest rates in the financial year. In response to the pandemic, the Responsible Entity invoked its pandemic plan and actively monitored the liquidity of the Scheme and any impact on the financial assets and liabilities up to the date of termination.

In the opinion of the Responsible Entity, there were no other significant changes in the state of affairs of the Scheme that occurred during the period from 1 July 2020 to 18 February 2021.

Matters subsequent to the end of the financial period

Except as disclosed in the financial statements, there have been no events subsequent to reporting date that have a material effect on these financial statements.

Likely developments and expected results of operations

Given the termination of the Scheme on 18 February 2021, there will be no likely developments or future operations of the Scheme.

Indemnity and insurance premiums of officers and auditors

Indemnity
Since the end of the previous financial year the Scheme has not been indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer of the Responsible Entity or an auditor of the Scheme.

Insurance Premiums
During the financial period, the Responsible Entity paid a premium under a contract insuring each director of the Scheme against liability incurred in their respective capacities. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause as stated in the insurance contract. The Responsible Entity has not provided any insurance to a related body corporate or to an auditor of the Scheme.

Environmental regulation

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

Rounding of amounts to the nearest dollar

The Scheme is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the director's report for the period from 1 July 2020 to 18 February 2021.

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

Brett Jollie
Director

Sydney
8 March 2021

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

To the Directors of Aberdeen Standard Investments Australia Limited (the Responsible Entity) of Aberdeen Standard Diversified Fixed Income Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Aberdeen Standard Diversified Fixed Income Fund for the period ended 18 February 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Andrew Reeves

Partner

Sydney

8 March 2021

Statement of comprehensive income

	Notes	For the period from 1 July 2020 to 18 February 2021 $	Year ended 30 June 2020 $
Investment income			
Interest income		**12,407**	289
Distribution income		**718,429**	739,935
Net gains/(losses) on financial instruments at fair value through profit or loss	6	**(119,196)**	(412,495)
Net foreign exchange gains/(losses)		**8,346**	48,955
Other operating income		**343**	33,452
Total net investment income		**620,329**	410,136
Expenses			
Management fees	18	**25,749**	35,095
Transaction costs		**1,649**	4,635
Other operating expenses		**8,055**	-
Total operating expenses		**35,453**	39,730
Profit/(loss) from operating activities		**584,876**	370,406
Finance costs			
Distributions to unitholders	12	**(1,416,204)**	(418,795)
Change in net assets attributable to unitholders	11	**(831,328)**	(48,389)
Profit/(loss)		**-**	-
Other comprehensive income		**-**	-
Total comprehensive income		**-**	-

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

Statement of financial position

	Notes	As at 18 February 2021 $	30 June 2020 $
Assets			
Cash and cash equivalents	13	-	1,426,709
Receivables	16	-	23,109
Balances due from brokers		-	249,667
Financial assets at fair value through profit or loss	7, 9	-	19,219,499
Total assets		-	20,918,984
Liabilities			
Payables	17	-	76,224
Redemptions payable		-	15,221
Balances due to brokers		-	10,200
Distributions payable	12	-	217,343
Financial liabilities at fair value through profit or loss	8, 9	-	194,166
Total liabilities (excluding net assets attributable to unitholders)		-	513,154
Net assets attributable to unitholders - liability	11	-	20,405,830

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

Statement of changes in equity

For the period from 1 July 2020 to 18 February 2021

The Scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such, the Scheme had no equity and no items of changes in equity have been presented for the current period or comparative year.

Statement of cash flows

	Notes	For the period from 1 July 2020 to 18 February 2021 $	Year ended 30 June 2020 $
Cash flows from operating activities			
Proceeds from sale of financial instruments		**76,679,994**	17,175,643
Payments for purchase of financial instruments		**(56,900,768)**	(16,337,495)
Distributions received		**103,446**	178,403
Interest received		**12,407**	-
Other income received		**1,710**	99,251
Management fees paid		**(25,305)**	(34,137)
Other operating expenses paid		**(83,269)**	-
Proceeds from / (payments for) foreign exchange movements		**3,581**	51,355
Net cash inflow/(outflow) from operating activities	14(a)	**19,791,796**	1,133,327
Cash flows from financing activities			
Proceeds from applications by unitholders		**714,070**	5,808,113
Payments for redemptions by unitholders		**(21,708,657)**	(5,493,195)
Distributions paid		**(228,683)**	(491,644)
Net cash inflow/(outflow) from financing activities		**(21,223,270)**	(176,726)
Net increase/(decrease) in cash and cash equivalents		**(1,431,474)**	956,601
Cash and cash equivalents at the beginning of the period/year		**1,426,709**	472,508
Effects of foreign currency exchange rate changes on cash and cash equivalents		**4,765**	(2,400)
Cash and cash equivalents at the end of the period/year	13	**-**	1,426,709

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

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1 General information

The financial report covers Aberdeen Standard Diversified Fixed Income Fund (the “Scheme”) as an individual entity.

The Responsible Entity of the Scheme is Aberdeen Standard Investments Australia Limited (the “Responsible Entity”). The Responsible Entity’s registered office is Level 10, 255 George Street, Sydney NSW 2000. The financial statements are presented in Australian currency.

The for-profit Scheme was constituted on 1st May 2006.The Responsible Entity resolved and approved the wind up of the Scheme on 30 November 2020. Assets were realised and the Scheme returned the proceeds to unitholders effective on 15 January 2021 and formally wound up on 18 February 2021. As a result of the termination, the financial statements of the Scheme have been prepared on a basis other than going concern. Until its termination, the Scheme invested in unlisted managed investment schemes in accordance with the provision of the Scheme’s Constitution.

The overall investment objective of the Scheme was to provide exposure to a diversified portfolio of fixed income investments. The Scheme aimed to outperform an aggregate benchmark of 50 Bloomberg AusBond Composite Bond Index and 50% Barclays Global Aggregate Bond Index (hedged to the Australian dollar) over the suggested investment time frame (3 years plus).

The financial statements were authorised for issue by the directors on 8 March 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period from 1 July 2020 to 18 February 2021.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. Aberdeen Standard Diversified Fixed Income Fund is a for-profit Scheme for the purpose of preparing the financial report.

As the Scheme was terminated on 18 February 2021, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current.

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated. The Scheme manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements.

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

The financial report of the Scheme complies with IFRS and interpretations issued by the International Accounting Standards Board (IASB).

(ii) New and amended accounting standards adopted by the Scheme

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

- Financial assets

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

Equity securities and derivatives are measured at fair value through profit or loss.

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

- Financial liabilities

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

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, due to brokers, management fees payable and other payables).

(ii) Recognition and derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the 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 Schemes have transferred substantially all of the risk and rewards of ownership.

(iii) Measurement and measurement principles

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

At initial recognition, the Scheme measures financial assets and financial liabilities at fair value. Transaction costs on financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

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

For further details on how the fair values of financial instruments are determined are disclosed in Note 5 to the financial statements.

There has been no change to the measurement of assets or liabilities as a result of the wind up.

(iv) Offsetting financial instruments

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

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Scheme is required to distribute its distributable income. The units can be put back to the Scheme at any time for cash based on the redemption price. The carrying value of redeemable units is measured as the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to put the units back to the Scheme.

Under AASB 132 Financial instruments: Presentation, puttable financial instruments are classified as equity where certain strict criteria are met. The units issued by the Scheme did not meet the criteria as they have contractual obligations to distribute and therefore have been classified as a liability.

(d) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Derivative financial instruments

The Scheme uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from investment activities. In accordance with its investment strategy, the Scheme does not hold or issue derivative financial instruments for trading purpose.

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of comprehensive income.

(e) 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.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(f) Distribution income

Trust distributions are recognised in the statement of comprehensive income as distribution income when declared.

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

(g) Expenses

All expenses, including management fees are recognised in the statement of comprehensive income on an accruals basis.

2 Summary of significant accounting policies (continued)

(h) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the statement of comprehensive income line item, net changes in financial instruments at fair value through profit or loss are net foreign exchange gains and losses on monetary financial assets and financial liabilities.

(i) Income tax

Under current legislation, the Scheme is not subject to income tax provided the taxable income of the Scheme is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Scheme).

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

(j) Distributions

In accordance with the Scheme's Constitution, the Scheme fully distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

(k) Change in net assets attributable to unitholders

Income not distributed is included in the statement of comprehensive income as change in net assets attributable to unitholders.

(l) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(m) Balances due from/to brokers

These amounts represent margin accounts and receivables for securities sold and payables for securities purchased that have been contracted but not yet delivered by the end of the reporting period. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment is established when there is objective evidence that the Scheme will not be able to collect all amounts in full. The due from brokers balances is held for collection and consequently measured at amortised cost which is described at Note 2(n) receivables.

2 Summary of significant accounting policies (continued)

(n) Receivables

Receivables may include amounts for equity income and other receivables. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 2(e) above. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

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

Receivables also include amounts receivable as a result of the Scheme entering into foreign currency spot contracts. Foreign currency spot contracts are primarily used by the Scheme for the purposes of trading settlements where the Scheme agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on the spot date.

(o) Payables

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

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

Payables also include amounts payable as a result of the Scheme entering into foreign currency spot contracts. Foreign currency spot contracts are primarily used by the Scheme for the purposes of trading settlements where the Scheme agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on the spot date.

(p) Applications and redemptions

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

(q) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Scheme by third parties such as investment management fees have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC) hence investment management fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(r) Use of estimates

The Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities within the 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.

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

2 Summary of significant accounting policies (continued)

(r) Use of estimates (continued)

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.

Other financial instruments, including amounts receivable/payable for securities sold and purchased, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments. Further details on how the fair values of financial instruments are measured are disclosed in Note 5.

(s) Rounding of amounts

The Scheme is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

3 Financial risk management

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

The Scheme's overall risk management programme focuses on ensuring compliance with the Scheme's Product Disclosure Statement **(PDS)** and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Compliance with the Scheme's PDS requirements is monitored, and results are reported periodically to senior management and the Scheme's Compliance Committee.

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price risk and currency risks.

The Scheme paid the final return of capital to unitholders effective 15 January 2021 and formally wound up on 18 February 2021. The Scheme was not exposed to financial risk as at 18 February 2021.

While the COVID-19 pandemic has caused uncertainty and market volatility during the period, the Responsible Entity has continued to follow its established policies and process (as set out in this note) in managing risk and determining the fair value of the financial assets and liabilities as at the reporting date. No changes were required to the principles used in applying the fair value measurement hierarchy to financial assets and liabilities held, with each asset and liability continued to be classified in a manner which reflects the significance and observability of the inputs used in the valuation.

(a) Market risk

Market risk is the risk that losses may result from adverse movements in interest rates, foreign currency exchange rates, equity prices, commodity prices and other market metrics. The Scheme's level of market risk is predominantly defined by potential changes in the values of financial instruments in response to movements in the markets. A typical transaction may be exposed to a number of different market risks.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will change because of movements in market prices. The Scheme's investments are primarily in Australian and International unlisted managed investment schemes with the result that the Scheme is exposed to direct and indirect price risk from market movements that result in a change in the unit prices of the unlisted managed investment schemes, and the value of their underlying investments.

For the Scheme this risk disclosure has been prepared based on the direct investments held by the Scheme and not on the underlying assets of the unlisted Australian and International unit trust.

The Investment Manager aims to mitigate price risk through diversification and a careful selection of investments, securities and other financial instruments within specified limits.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The table in Note 3(b) summarises the price risk sensitivity on the Scheme's operating profit/(loss) and net assets attributable to unitholders.

(ii) Currency risk

Currency risk is the change to the value of the Australian dollar, relative to other currencies. Primarily the Scheme's investments are unlisted Australian unit trusts denominated in Australian dollars. The Scheme has a direct exposure to foreign currency risk through investments in cash and international unit trusts has an indirect exposure to foreign currency risk through the underlying assets of the unlisted unit trusts that are denominated in currencies other than the Australian dollar. The majority of the Scheme's foreign currency exposure is as fully hedged as is practicable.

For the Scheme this risk disclosure has been prepared based on the direct investments held by the Scheme and not on look through basis for the investments held indirectly through the unit trusts.

The Scheme does not have a material exposure to foreign exchange risk as at 18 February 2021.

The table below summarises the Scheme's main assets and liabilities that are denominated in a currency other than the Australian dollar.

30 June 2020	GBP A$	USD A$	EUR A$	Other currencies A$
Cash and cash equivalents	36,504	239,385	179,706	47,827
Financial assets at fair value through profit or loss	1,333	5,107,805	45,489	1,852
Financial liabilities at fair value through profit or loss	(2,682)	(79,272)	(36,721)	(75,089)
Total	35,155	5,267,918	188,474	(25,410)
Net increase/(decrease) in exposure from foreign currency forward contracts - sell foreign currency	6,523	24,485	34,943	322,119

The table in Note 3(b) summarises the currency risk sensitivity on the Scheme's operating profit/(loss) and net assets attributable to unitholders.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme invested mainly in Australian and International unit trusts which are non-interest bearing and as such the Scheme is not exposed to significant levels of interest rate risk.

The Scheme held cash for liquidity and transactional purposes and this cash is held at floating interest rates. As a result, the Scheme is subject to a limited exposure to interest rate risks due to fluctuations in the levels of market interest rates.

For the Scheme this risk disclosure has been prepared on the basis of the Scheme's direct investments and not on a look through basis for the investments held indirectly through the unit trusts. Based on this, other than cash and cash equivalents held at floating interest rates, all other financial assets and financial liabilities are non-interest bearing.

The Scheme does not have a material exposure to interest rate risk as at 18 February 2021 and 30 June 2020.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

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

	Price risk Impact on operating profit/Net assets attributable to unitholders	
	-15% $	**+15% $**
18 February 2021	-	-
30 June 2020	(2,826,060)	2,826,060

	Currency risk Impact on operating profit/Net assets attributable to unitholders							
	-10% GBP $	**+10% GBP $**	**-10% USD $**	**+10% USD $**	**-10% EUR $**	**+10% EUR $**	**-10% Others $**	**+10% Others $**
18 February 2021	–	–	–	–	–	–	–	–
30 June 2020	3,906	(3,196)	585,324	(478,902)	20,942	(17,134)	(2,823)	2,310

(c) Credit risk

Credit risk is the possibility of loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of default, an investor generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of the collateral or restructuring of the obligation.

Credit risk from fixed income securities is mitigated by investing in well rated instruments of investment grade and above and issued by rated counterparties with credit ratings of at least investment grade or better as determined by Standard & Poor's. The Scheme monitors credit ratings of securities and counterparties on a regular basis. Credit risk primarily arises from the creditworthiness of the Scheme's interest bearing assets and discounted securities. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions. None of these assets are impaired nor past due but not impaired.

The exposure to credit risk for cash and cash equivalents is low as all the counterparties engaged with are investment grade or higher. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme.

All counterparties are included on the Approved Counterparty list and are determined to be investment grade or higher.

As at 18 February 2021, the Scheme did not have any credit risk exposure, as all assets were sold.

The Scheme usually enters into derivative transactions with counterparties with whom the Scheme has signed either ISDA agreements or Financial Markets Agreements. Agreements of this type provide for the net settlement of contracts with the same counterparty in the event of default. Under these circumstances, the credit risk associated with derivative financial instruments is reduced to the extent that financial liabilities due to the same counterparty will be settled after the assets are realised. All counterparties are included on the Approved Counterparty list and are determined to be investment grade or higher.

3 Financial risk management (continued)

(c) Credit risk (continued)

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets. There are no other significant credit risk exposures. Compliance with the relevant policies is reported to senior management and the Compliance Committee on a regular basis.

(d) Liquidity risk

The Scheme is exposed to daily cash redemptions of redeemable units. Therefore, it primarily holds investments in units of funds where the underlying investments can be readily disposed. The Scheme's investments in unit trusts expose the Scheme to the risk that the responsible entity or the manager of those schemes may be unwilling or unable to fulfil the redemption requests within the time frame requested by the Scheme. However, these investments are considered readily realisable unless the unit trusts are declared illiquid. Further, the Responsible Entity of these investments are a related party and therefore they have good visability of underlying assets and liabilities.

The Scheme 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 Scheme may not be able to quickly liquidate its 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.

For the Scheme, this risk disclosure has been prepared on the basis of the Scheme's direct investments and not on a look through basis for the investments held indirectly through the unit trusts.

As at 18 February 2021, the Scheme did not have any liquidity risk exposure, as all assets were sold.

The table below analyses the Scheme's financial liabilities into relevant maturity buckets based on the remaining period to the earliest possible contractual maturity date at the end of the reporting period. The amounts in the table are contractual undiscounted cash flows.

As at 30 June 2020	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity
	$	$	$	$	$
Payables	76,224	-	-	-	-
Redemptions payable	15,221	-	-	-	-
Balances due to brokers	10,200	-	-	-	-
Distributions payable	217,343	-	-	-	-
Financial liabilities at fair value through profit or loss	160,754	25,809	-	7,603	-
Net assets attributable to unitholders	20,405,830	-	-	-	-
Total liabilities	20,885,272	25,809	-	7,603	-

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Responsible Entity's processes, personal, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Scheme's operations.

The objective of the Responsible Entity of the Scheme is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

4 Offsetting financial assets and financial liabilities

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

Financial assets	**Effects of offsetting on the Statement of Financial Position**			**Related amount not offset**		
	Gross amounts of financial assets	**Gross amounts set off in the Statement of financial position**	**Net amount of financial assets presented in the Statement of financial position**	**Amounts subject to master netting arrangements**	**Collateral pledged/ received**	**Net Amount**
	$	**$**	**$**	**$**	**$**	**$**
18 February 2021						
Derivative financial instruments (i)	-	-	-	-	-	-
Total	-	-	-	-	-	-
30 June 2020						
Derivative financial instruments (i)	379,102	-	379,102	(71,723)	(4,254)	303,125
Total	379,102	-	379,102	(71,723)	(4,254)	303,125

Financial Liabilities	**Effects of offsetting on the statement of financial position**			**Related amounts not offset**		
	Gross amounts of financial liabilities	**Gross amounts set off in the Statement of financial position**	**Net amount of presented in the Statement of financial position**	**Amounts subject to master netting arrangements**	**Collateral pledged/ received**	**Net Amount**
	$	**$**	**$**	**$**	**$**	**$**
18 February 2021						
Derivative financial instruments (i)	-	-	-	-	-	-
Total	-	-	-	-	-	-
30 June 2020						
Derivative financial instruments (i)	194,166	-	194,166	(71,723)	-	122,443
Total	194,166	-	194,166	(71,723)	-	122,443

As at 18 February 2021, the Scheme did not have any offsetting financial assets and liabilities, as all assets and liabilities were sold and settled.

4 Offsetting financial assets and financial liabilities (continued)

(i) Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. The Scheme does not presently have a legally enforceable right of set-off because no credit event occurred. Accordingly, these amounts have not been offset in the statement of financial position, but have been presented separately in the above table.

5 Fair value measurement

The Scheme measures and recognises the following financial assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (see Note 7 and Note 8); and
- Derivative financial instruments (see Note 9).

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

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

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

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

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs. For the majority of its investments, the Scheme relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and liabilities is the last traded price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

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

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

(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.

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 as the amount that the Scheme would receive or pay to terminate the contract at the end of the reporting period taking into account the 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.

5 Fair value measurement (continued)

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

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

The investments in other unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

Recognised fair value measurement

There were no financial instruments held at 18 February 2021. The following table shows an analysis of financial instruments held at 30 June 2020, recorded at fair value by level of the fair value hierarchy.

As at 30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss				
Derivatives (Note 9)	40,100	339,002	-	379,102
Australian unlisted managed investment schemes	-	8,741,415	-	8,741,415
International unlisted managed investment schemes	-	10,098,982	-	10,098,982
Total	40,100	19,179,399	-	19,219,499
Financial liabilities at fair value through profit or loss				
Derivatives (Note 9)	12,285	181,881	-	194,166
Total	12,285	181,881	-	194,166

(i) Transfers between levels

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

There were no transfers between the levels for the period ended 18 February 2021 and year ended 30 June 2020. There were also no changes made to any of the valuation techniques applied as of 30 June 2020.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Scheme did not hold any financial instruments with fair value measurements using significant unobservable inputs (level 3) at 18 February 2021.

(iii) Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

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

Net gains/(losses) recognised in relation to financial instruments at fair value through profit or loss:

	For the period from 1 July 2020 to 18 February 2021 $	Year ended 30 June 2020 $
Financial assets		
Net gain/(loss) on financial assets at fair value through profit or loss	**262,720**	48,930
Financial liabilities		
Net gain/(loss) on financial liabilities at fair value through profit or loss	**(381,916)**	(461,425)
Total net gains/(losses) on financial instruments at fair value through profit or loss	**(119,196)**	(412,495)

7 Financial assets at fair value through profit or loss

	As at 18 February 2021 $	30 June 2020 $
Financial assets at fair value through profit or loss		
Derivatives (Note 9)	**-**	379,102
Australian unlisted managed investment schemes	**-**	8,741,415
International unlisted managed investment schemes	**-**	10,098,982
Total financial assets at fair value through profit or loss	**-**	19,219,499

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 3.

8 Financial liabilities at fair value through profit or loss

	As at 18 February 2021 $	30 June 2020 $
Financial liabilities at fair value through profit or loss		
Derivatives (Note 9)	**-**	194,166
Total financial liabilities at fair value through profit or loss	**-**	194,166

An overview of the risk exposures relating to financial liabilities at fair value through profit or loss is included in Note 3.

9 Derivative financial instruments

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

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

Derivative transactions include many different instruments, such as futures, foreign currency contracts and swaps. Consequently, the use of derivatives is multifaceted and may include:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy.

Derivatives 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 Scheme.

The Scheme held the following derivative instruments:

(a) 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 settled daily with the exchange. Index futures are contractual obligations to receive or pay a net amount based on changes in indices at a future date at a specified price, established in an organised financial market.

(b) Foreign currency contracts

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

Notional amounts are the underlying amounts to foreign currencies upon which the fair value of the foreign currency contracts traded by the Scheme is based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of the Scheme's foreign currency contracts, the underlying price changes in relation to the variables specified by the notional amounts affect the fair values of these derivative financial instruments.

(c) Swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

An inflation swap is an agreement whereby one counterparty receives a payment linked to the real, or actual inflation rate and in return pays another counterparty an agreed upon fixed rate payment.

A credit default swap is an agreement whereby one counterparty pays a regular fee, usually expressed as a percentage of the notional principle, to another counterparty in return for security against default by underlying loan or asset.

A cross currency swap is an agreement between two parties to exchange interest payments denominated in two different currencies for an agreed period. As with interest rate swaps, one payment is calculated on a fixed/floating rate of interest, and the other on a fixed/floating rate.

9 Derivative financial instruments (continued)

(c) Swaps (continued)

The fair value of swaps is the estimated amount that the entity would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The Scheme did not hold derivative financial instruments as at 18 February 2021 as the Scheme was terminated. Derivative financial instruments as at 30 June 2020 are detailed below:

		Fair Values	
30 June 2020	Notional $	Assets $	Liabilities $
Futures	10,745,122	40,117	12,285
Foreign currency contracts	13,443,447	331,984	173,978
Swaps	3,238,962	7,001	7,903
		379,102	194,166

Risk exposures and fair value measurements

Information about the Scheme's exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

10 Structured entities

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

Involvement with unconsolidated structured entities

The Scheme has concluded that unlisted investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the Scheme are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its prospectus; and
- the Scheme has narrow and well defined objectives to provide investment opportunities to investors.

10 Structured entities (continued)

The table below describes the types of underlying investments of the Scheme by investment strategy.

	Fair value as at 18 February 2021	Fair value as at 30 June 2020
Investment strategy	**$**	$
Domestic fixed income funds	**-**	8,741,415
Overseas syndicated loans fund	**-**	9,536,060
International fixed income funds	**-**	562,922
Total	**-**	18,840,397

The above investments are disclosed under financial assets at fair value through profit or loss.

The above table lists the fair value and the Scheme's exposure to each investment strategy as at 18 February 2021. The maximum exposure or loss is limited to the fair value of the investment strategy as at 18 February 2021. The fair value of the exposure will change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed.

The investments of the Scheme are managed in accordance with the investment mandates with the respective underlying investment managers. The investment decisions of the Scheme are based on the analysis conducted by the investment manager. The return of the Scheme is exposed to the variability of the performance of the underlying investment strategies. The underlying investment managers receive a management fee for undertaking the management of these investments.

11 Net assets attributable to unitholders

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

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

The Scheme classifies the net assets attributable to unitholders as financial liability as the puttable financial instruments do not satisfy all the criteria set out under AASB 132 (refer to note 2(c)).

	For the period from 1 July 2020 to 18 February 2021	Year ended 30 June 2020	**For the period from 1 July 2020 to 18 February 2021**	Year ended 30 June 2020
	No.	No.	**$**	$
Opening balance	**20,871,803**	20,377,746	**20,405,830**	19,914,508
Applications	**719,853**	5,829,023	**714,070**	5,807,685
Redemptions	**(23,102,723)**	(5,518,441)	**(21,693,436)**	(5,446,534)
Units issued upon reinvestment of distributions	**1,511,067**	183,475	**1,404,864**	178,560
Change in net assets attributable to unitholders	**-**	-	**(831,328)**	(48,389)
Closing balance	**-**	20,871,803	**-**	20,405,830

11 Net assets attributable to unitholders (continued)

Capital risk management

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

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

12 Distributions to unitholders

The distributions paid/payable for the period/year were as follows:

	For the period from 1 July 2020 to 18 February 2021	**For the period from 1 July 2020 to 18 February 2021**	Year ended 30 June 2020	Year ended 30 June 2020
	$	**CPU**	$	CPU
Distributions paid (30 September)	**21,036**	**0.10**	-	-
Distributions paid (31 December)	**-**	**-**	39,987	0.20
Distributions paid (15 January)	**1,395,168**	**7.58**	-	-
Distributions paid (30 June)	**-**	**-**	161,465	1.83
Distributions payable (30 June)	**-**	**-**	217,343	1.83
Total distributions	**1,416,204**		418,795	

13 Cash and cash equivalents

	As at	
	18 February 2021	30 June 2020
	$	$
Cash and cash equivalents	**-**	661,709
Call deposits	**-**	765,000
	-	1,426,709

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

	For the period from 1 July 2020 to 18 February 2021 $	Year ended 30 June 2020 $
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) from operating activities	**584,876**	370,419
Proceeds from sale of financial instruments at fair value through profit or loss	**76,679,994**	17,175,643
Purchase of financial instruments at fair value through profit or loss	**(56,900,768)**	(16,337,495)
Net (gains)/losses on financial instruments at fair value through profit or loss	**119,196**	412,346
Net change in receivables	**23,109**	2,035
Net change in payables	**(76,224)**	74,836
Distribution income reinvested	**(633,622)**	(566,857)
Effects of foreign currency exchange rate changes on cash and cash equivalents	**(4,765)**	2,400
Net cash inflow/(outflow) from operating activities	**19,791,796**	1,133,327
(b) Non-cash financing activities		
During the period/year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**1,404,864**	178,560

15 Remuneration of the auditor

During the period the following fees were paid or payable for services provided by the auditor of the Scheme:

	For the period from 1 July 2020 to 18 February 2021 $	Year ended 30 June 2020 $
Audit and non audit services - KPMG		
Audit services		
Audit of financial report and compliance plan	**9,275**	11,475
Total remuneration - KPMG	**9,275**	11,475

Auditor’s remuneration for the Scheme is paid by the Responsible Entity, and has not been re-charged to the Scheme.

16 Receivables

	As at 18 February 2021 $	30 June 2020 $
Distributions receivable	-	18,639
Swap income receivable	-	1,367
Other receivables	-	3,103
	-	23,109

17 Payables

	As at 18 February 2021 $	30 June 2020 $
Management fees payable	-	2,659
Swap expenses payable	-	73,173
Other payables	-	392
	-	76,224

18 Related party transactions

Responsible Entity

The Responsible Entity of the Scheme is Aberdeen Standard Investments Australia Limited (ABN 59 002 123 364). The owner of Aberdeen Standard Investments Australia Limited is Standard Life Aberdeen PLC (public limited company) in the United Kingdom.

The directors of Aberdeen Standard Investments Australia Limited during the period and up to the date of this report are as follows:

Hugh Young
Brett Jollie
Michelle Lopez
Roneel Prasad

Other key management personnel

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

Key management personnel unitholdings

At 18 February 2021 no key management personnel held units in the Scheme (2020: Nil).

18 Related party transactions (continued)

Key management personnel compensation

The Scheme did not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the Key Management Personnel (the "KMP"). The directors of the Responsible Entity are KMP of that company and have been disclosed above.

The Responsible Entity is entitled to a management fee which is calculated as a proportion of net assets attributable to unitholders.

No compensation were paid to directors or directly by the Scheme to any KMP of the Responsible Entity.

Key management personnel loan disclosures

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

Other transactions within the Scheme

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

Apart from those details disclosed in this note, no directors have entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving directors' interests existing at period end.

Responsible Entity's/Investment Manager's fees and other transactions

Under the terms of the Scheme's Constitution and the current Product Disclosure Statement for the Scheme, the Responsible Entity resolved and approved the wind up of the Scheme on 30 November 2020. The Responsible Entity is entitled to receive management fees monthly of up to 0.45% (2020: 0.45%) of net assets attributable to unitholders.

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

	18 February 2021	30 June 2020
	$	$
Management fees for the period/year incurred by the Scheme	**25,749**	35,095
Management fees for the period/year payable by the Scheme	**-**	2,659

18 Related party transactions (continued)

Related party unitholdings

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

18 February 2021

	Number of units held opening (Units)	**Number of units held closing (Units)**	**Fair value of investment ($)**	**Interest held (%)**	**Number of units acquired/ (disposed) (Units)**	**Distributions paid/payable by the Scheme ($)**
Aberdeen Standard Multi-Asset Real Return Fund	**3,038,493**	**–**	**–**	**–**	**(3,038,493)**	**205,745**
Aberdeen Standard Investments	**4,571,576**	**–**	**–**	**–**	**(4,571,576)**	**351,265**

30 June 2020

	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment ($)	Interest held (%)	Number of units acquired/ (disposed) (Units)	Distributions paid/payable by the Scheme ($)
Aberdeen Standard Multi-Asset Real Return Fund	2,976,620	3,038,493	2,970,753	14.56	61,873	60,518
Aberdeen Standard Investments	4,481,218	4,571,576	4,469,630	22.08	90,358	91,109

Investments

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

	Fair value of measurement		**Interest held**		**Distributions received/receivable**	
	2021 $	2020 $	**2021 %**	2020 %	**2021 $**	2020 $
Aberdeen Standard						
Australian Fixed Income Fund	**-**	8,741,515	**-**	4.71	**-**	566,857
Global Australian Dollar Income Bond Fund	**-**	2,934,655	**-**	16.87	**-**	80,103
Global - World Credit Bond Fund (CLASS ZS)	**-**	2,372,371	**-**	99.62	**-**	33,777
Global - World Credit Bond Fund (CLASS Z)	-	4,229,034	-	70.48	-	-
Global - Asian Local Currency Short Duration Bond Fund	**-**	562,922	**-**	98.47	**-**	23,786

The Scheme has applied the AASB 10 investment entity exemption and accordingly has valued these financial assets at fair value (redemption price) through profit or loss.

18 Related party transactions (continued)

Units in scheme held by other related parties

At 18 February 2021 no directors of the Responsible Entity held units in the Scheme (2020: Nil).

19 Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Scheme as disclosed in the statement of financial position as at 18 February 2021 or on the results and cash flows of the Scheme for the period ended on that date.

20 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 18 February 2021 and 30 June 2020.

Directors' declaration

In the opinion of the directors of Aberdeen Standard Investments Australia Limited , the Responsible Entity of Aberdeen Standard Diversified Fixed Income Fund (the "Scheme"):

(a) the financial statements and notes set out on pages 7 to 33, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Scheme's financial position as at 18 February 2021 and of its performance, for the financial period ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

The directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of Aberdeen Standard Investments Australia Limited :

Brett Jollie
Director

Sydney
8 March 2021

KPMG

Independent Auditor's Report

To the unitholders of Aberdeen Standard Diversified Fixed Income Fund

Opinion

We have audited the ***Financial Report*** of Aberdeen Standard Diversified Fixed Income Fund ("the Scheme").

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

- giving a true and fair view of the Scheme's financial position as at 18 February 2021 and of its financial performance for the period ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 18 February 2021;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the period then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

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

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

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter

We draw attention to Note 2(a) to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared on a basis other than going concern, following the wind up of the Scheme. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in the issuer of the Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

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

Responsibilities of the Directors for the Financial Report

The Directors of Aberdeen Standard Investments Australia Limited (the Responsible Entity) are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 This description forms part of our Auditor's Report.

KPMG

KPMG

A.R

Andrew Reeves

Partner

Sydney

8 March 2021

Directory

Responsible Entity

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Auditor

KPMG

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