

# **VanEck Vectors Australian Corporate Bond Plus ETF**

ARSN 617 941 241

## **Interim financial report**

**for the period from 09 May 2017 (commencement of operations) to 30 September 2017**

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This financial report covers VanEck Vectors Australian Corporate Bond Plus ETF as an individual entity.

The Responsible Entity of VanEck Vectors Australian Corporate Bond Plus ETF is VanEck Investments Limited (ABN 22 146 596 116).

The Responsible Entity's registered office is Aurora Place, Level 4, Suite 3 88 Phillip Street, SYDNEY, NSW, AUSTRALIA, 2000.

**VanEck Vectors Australian Corporate Bond Plus ETF**  
**Directors' report**

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**For the period from 09 May 2017 (commencement of operations) to 30 September 2017**

## **Directors' report**

The directors of VanEck Investments Limited (ABN 22 146 596 116), the Responsible Entity of VanEck Vectors Australian Corporate Bond Plus ETF ("the Fund"), present their report together with the financial report of the Fund for the period from 09 May 2017 to 30 September 2017.

### **Principal activities**

The Fund aims to provide investment returns of the higher yielding Australian dollar denominated Fixed Rate Bonds.

The Fund is an exchange traded fund which is a registered investment scheme.

The Fund was registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 24 March 2017.

The Fund is traded on the Australian Securities Exchange (ASX). The admission date was 11 May 2017.

During the period, the Fund invested in Australian fixed interest securities in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

The Fund did not have any employees during the reporting period.

There were no significant changes in the nature of the Fund's activities during the reporting period.

### **Directors**

The following persons held office as directors of VanEck Investments Limited during the period and up to the date of this report:

Jan van Eck

Bruce Smith

Arian Neiron

Michael Brown

Jonathan Simon

### **Review and results of operations**

The Fund commenced operations on 09 May 2017. During the period 09 May 2017 to 30 September 2017, the Fund invested in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

## Directors' report (continued)

### Review and results of operations (continued)

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

	For the period 09 May 2017 to 30 September 2017 \$'000
Net operating profit/(loss) before distributions	(215)
<i>Distributions</i>	
Distributions paid (\$'000)	723
Distributions (cents per unit "CPU")	16.42

A final distribution was declared for the period ended 30 September 2017 of 15.00 cents per unit and paid on 17 October 2017. The total amount unpaid at the reporting date is disclosed in the Statement of financial position.

### Significant changes in state of affairs

The Fund was constituted and registered by Australian Securities and Investment Commission (ASIC) as managed investment scheme on 24 March 2017 and commenced operations on 9 May 2017. Accordingly these financial statements only include the current financial period, covering the period from commencement of operations of the Fund to 30 September 2017.

### Matters subsequent to the end of the reporting period

No matter or circumstance has arisen since 30 September 2017 that has significantly affected, or may significantly affect:

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

### Likely developments and expected results of operations

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

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

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

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of VanEck Investments Limited or the auditors of the Fund. The officers of VanEck Investments Limited are not directly indemnified out of the assets of the Fund. However, so long as VanEck Investments Limited acts in accordance with the Fund's Constitution and the Law, VanEck Investments Limited is indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Environmental regulation

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

## Directors' report (continued)

### Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the financial statements. Amounts in the Directors' Report and financial statements have been rounded off to the nearest thousand dollars unless otherwise indicated.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

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



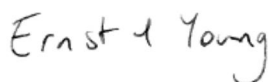
Arian Neiron  
Director

Sydney  
13 December 2017

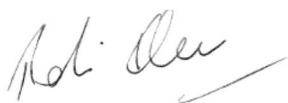
## **Auditor's Independence Declaration to the Directors of VanEck Investments Limited, as Responsible Entity for VanEck Vectors Australian Corporate Bond Plus ETF**

As lead auditor for the review of VanEck Vectors Australian Corporate Bond Plus ETF for the half-year ended 30 September 2017, I declare 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Rohit Khanna  
Partner  
Sydney  
13 December 2017

**VanEck Vectors Australian Corporate Bond Plus ETF**  
**Statement of comprehensive income**  
For the period from 09 May 2017 (commencement of operations) to 30 September 2017

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**Statement of comprehensive income**

	For the period 09 May 2017 to 30 September 2017 \$'000
<b><i>Investment income</i></b>	
Interest income	601
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(769)</u>
<b><i>Total net investment loss</i></b>	<u>(168)</u>
<b><i>Expenses</i></b>	
Management fees	<u>47</u>
<b><i>Total operating expenses</i></b>	<u>47</u>
<b><i>Loss for the period</i></b>	<u>(215)</u>
Other comprehensive income	<u>-</u>
<b><i>Total comprehensive loss for the period</i></b>	<u><u>(215)</u></u>

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

**VanEck Vectors Australian Corporate Bond Plus ETF**  
**Statement of financial position**  
**As at 30 September 2017**

**Statement of financial position**

	Notes	As at 30 September 2017 \$'000
<b>Assets</b>		
Cash and cash equivalents		172
Due from brokers - receivable for securities sold		409
Receivables		23
Financial assets held at fair value through profit or loss	5	<u>79,541</u>
<b>Total assets</b>		<u>80,145</u>
<b>Liabilities</b>		
Payables		19
Distributions payable	3	<u>693</u>
<b>Total liabilities</b>		<u>712</u>
<b>Equity</b>		<u><u>79,433</u></u>

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



**VanEck Vectors Australian Corporate Bond Plus ETF**  
**Statement of changes in equity**  
**For the period from 09 May 2017 (commencement of operations) to 30 September 2017**

**Statement of changes in equity**

		<b>For the period 09 May 2017 to 30 September 2017 \$'000</b>
	Notes	
<b>Total equity at the beginning of the period</b>		-
Issue of redeemable participating units		80,371
Total comprehensive income		(215)
Distributions	3	<u>(723)</u>
<b>Total equity at the end of the period</b>		<u><b>79,433</b></u>

Movement in the units in issue are disclosed in Note 4.

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

**VanEck Vectors Australian Corporate Bond Plus ETF**  
**Statement of cash flows**  
**For the period from 09 May 2017 (commencement of operations) to 30 September 2017**

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**Statement of cash flows**

	For the period 09 May 2017 to 30 September 2017 \$'000
<b><i>Cash flows from operating activities</i></b>	
Proceeds from sale of financial instruments held at fair value through profit or loss	7,177
Purchase of financial instruments held at fair value through profit or loss	(87,735)
Interest received	416
Management fees paid	<u>(27)</u>
<b><i>Net inflow/(outflow) from operating activities</i></b>	<b><u>(80,169)</u></b>
<b><i>Cash flows from financing activities</i></b>	
Proceeds from applications by unitholders	80,371
Distributions paid	<u>(30)</u>
<b><i>Net inflow/(outflow) from financing activities</i></b>	<b><u>80,341</u></b>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>	<b>172</b>
Cash and cash equivalents at the beginning of the period	<u>-</u>
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b><u><u>172</u></u></b>

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

**VanEck Vectors Australian Corporate Bond Plus ETF**  
**Notes to the financial statements**  
**For the period from 09 May 2017 (commencement of operations) to 30 September 2017**

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## **1 General information**

These financial statements cover the VanEck Vectors Australian Corporate Bond Plus ETF ("the Fund") as an individual entity.

The Fund was registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 24 March 2017 and commenced operations on 09 May 2017.

The Fund is traded on the Australian Securities Exchange (ASX). The admission date was 11 May 2017.

The Fund will terminate in accordance with the provisions of the Fund's Constitution.

During the reporting period, the Fund invested in Australian fixed interest securities in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is VanEck Investments Limited (the "Responsible Entity"). The Responsible Entity's registered office is Aurora Place, Level 4, Suite 3 88 Phillip Street, Sydney NSW 2000. The administrator and the custodian of the Fund is JP Morgan Chase Bank N.A. Sydney Branch.

The financial statements of the Fund for the reporting period from 09 May 2017 to 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 13 December 2017. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2 Basis of preparation and significant accounting policies**

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

### **(a) Basis of preparation**

This interim financial report for the period ended 30 September 2017 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report.

### **(b) Financial instruments**

#### *(i) Classification*

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

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

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in fixed interest securities.

Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

## **2 Basis of preparation and significant accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### *(ii) Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in 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 Fund has transferred substantially all of the risks and rewards of ownership.

#### *(iii) Measurement*

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

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

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category, excluding interest income 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.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. For further details on how the fair value of financial instruments are determined, please see note 6 to the financial statements.

### **(c) Redeemable participating units**

Units are classified as equity. Notwithstanding the obligation of the fund to redeem the units at the unitholder's options, the Responsible Entity considers the Units to meet the requirements for equity classification within AASB 132.16A and B. The Constitution states that the distributions are at the discretion of directors. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem the units in the Fund.

### **(d) Cash and cash equivalents**

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are classified as liabilities in the Statement of financial position.

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

### **(e) Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

### **(f) Expenses**

All expenses are recognised in the Statement of comprehensive income on an accrual basis.

## **2 Basis of preparation and significant accounting policies (continued)**

### **(g) Income tax**

Under current legislation, the Fund is not subject to income tax as the income is attributed to the unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be attributed to the unitholders.

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

The benefits of tax credits paid are passed on to unitholders.

### **(h) Distributions**

In accordance with the Fund's Constitution, the Fund distributes its distributable taxable income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are usually payable on a quarterly basis. The distributions to unitholders are recognised in the Statement of changes in equity.

### **(i) Due from/to brokers**

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

### **(j) Receivables**

Receivables include amounts for applications received for units in the Fund. Amounts are generally received within 30 days of being recorded as receivables.

### **(k) Payables**

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

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

### **(l) Applications and redemptions**

Application amounts can be paid by cash or in the form of a parcel of prescribed securities transferred to the Responsible Entity's custodian. The parcel of securities related to in-specie applications generally reflects the characteristics of the Markit iBoxx AUD Corporates Yield Plus Index. Investors may purchase units by trading on the Australian Securities Exchange (ASX).

Unitholders can only redeem units if they are "Authorised Participants", as defined in the Fund's product disclosure statement. Units can be sold by trading on ASX.

Unit prices are determined by reference to the net assets of the Fund divided by the number of units on issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market.

## **2 Basis of preparation and significant accounting policies (continued)**

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

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

### **(n) Use of estimates**

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

Quoted market prices are not readily available for the Fund's financial instruments.

For certain financial instruments, including amounts due from/to brokers, receivables, payables, and accrued expenses, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

## **3 Distributions to unitholders**

The distributions during the period were as follows:

	<b>For the period</b>	
	<b>09 May 2017 to 30 September</b>	
	<b>2017</b>	
	<b>\$'000</b>	<b>CPU</b>
Distribution paid - June 2017	30	1.42
Distribution payable - September 2017	<u>693</u>	<u>15.00</u>
	<u>723</u>	<u>16.42</u>

The portion of the final distribution for the year which was unpaid at the reporting date is disclosed in the Statement of financial position.

#### 4 Units in issue

Movements in the number of units during the reporting period were as follows:

	<b>For the period 09 May 2017 to 30 September 2017 No. '000</b>
Units outstanding at the beginning of the period	-
Applications	<u>4,620</u>
<b>Units outstanding at the end of the period</b>	<b><u>4,620</u></b>

As stipulated within the Fund's Constitution, a unit confers an equal undivided, vested, and indefeasible interest in the assets as a whole, subject to the liabilities. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

#### 5 Financial assets held at fair value through profit or loss

	<b>As at 30 September 2017 \$'000</b>
<b>Designated at fair value through profit or loss</b>	
Fixed interest securities	<u>79,541</u>
Total designated at fair value through profit or loss	<u>79,541</u>
<b>Total financial assets held at fair value through profit or loss</b>	<b><u>79,541</u></b>

#### 6 Fair values of financial assets and liabilities

##### (a) Fair value estimation

##### (i) Valuation techniques used to derive level 2 fair value

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.

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

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

Fair values were determined by an independent pricing service. The primary input in determining the fair values is published interest rates.

## 6 Fair values of financial assets and liabilities (continued)

### (b) Fair value hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The table below sets out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 September 2017.

<b>30 September 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets designated at fair value through profit or loss:				
Fixed interest securities	-	<u>79,541</u>	-	<u>79,541</u>
<b>Total</b>	-	<u>79,541</u>	-	<u>79,541</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and certain listed unit trusts.

The Fund did not hold any Level 1 and Level 3 instruments during the period 09 May 2017 to 30 September 2017.

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

### (c) Transfers between levels

There have been no transfers between levels for the period 09 May 2017 to 30 September 2017.

## 7 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of financial position as at 30 September 2017 or on the results and cash flows of the Fund for the period ended on that date.

## 8 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 September 2017.



**VanEck Vectors Australian Corporate Bond Plus ETF**  
**Directors' declaration**  
**For the period from 09 May 2017 (commencement of operations) to 30 September 2017**

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**Directors' declaration**

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 September 2017 and of its performance for the financial period ended on that date; and
- (b) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Arian Neiron  
Director

Sydney  
13 December 2017

## Independent Auditor's Review Report to the unit holders of VanEck Vectors Australian Corporate Bond Plus ETF

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of VanEck Vectors Australian Corporate Bond Plus ETF ("the Fund"), which comprises the statement of financial position as at 30 September 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 9 May 2017 (commencement of operations) to 30 September 2017 notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 30 September 2017 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of VanEck Investments Limited are responsible for the preparation of the half-year 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 determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 30 September 2017 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Rohit Khanna

Rohit Khanna  
Partner  
Sydney  
13 December 2017