PERENNIAL

Perennial Value
Wealth Defender Australian Share Trust

ARSN 168 966 701

2016/2017 Annual Financial Report

Investment Manager

Perennial Value Management Limited
ABN 22 090 879 904 | AFSL 247293

Responsible Entity

Perennial Investment Management Limited
ABN 13 108 747 637 | AFSL 275101

Perennial Value Wealth Defender Australian Shares Trust

ARSN 168 966 701

Annual financial statements for the reporting period ended 30 June 2017

Perennial Value Wealth Defender Australian Shares Trust

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These financial statements cover Perennial Value Wealth Defender Australian Shares Trust as an individual entity.

The Responsible Entity of Perennial Value Wealth Defender Australian Shares Trust is Perennial Investment Management Limited (ABN 13 108 747 637). The Responsible Entity's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000.

Director's report

The Directors of Perennial Investment Management Limited, the Responsible Entity of Perennial Value Wealth Defender Australian Shares Trust, present their report together with the financial statements of Perennial Value Wealth Defender Australian Shares Trust ("the Scheme") for the reporting period ended 30 June 2017 ("the reporting period").

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

Responsible Entity

The Responsible Entity of Perennial Value Wealth Defender Australian Shares Trust is Perennial Investment Management Limited (ABN 13 108 747 637). The Responsible Entity's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000.

Principal activities

During the year, the Scheme continued to invest funds in accordance with the following investment objective:

- The objective of the Scheme is to outperform the S&P/ASX 300 Accumulation Index by investing in a diversified portfolio of Australian shares and using protection strategies to dynamically protect the portfolio through market cycles, thereby reducing the magnitude of significant negative returns in sharply falling equity markets.

The investment objective is as disclosed in the current Product Disclosure Statement and in accordance with the provisions of the Scheme's Constitution.

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

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

Directors

The following persons held office as Directors of Perennial Investment Management Limited during the reporting period or since the end of the reporting period and up to the date of this report, unless otherwise stated:

A. Patterson (Appointed 30 September 2016)
B. Thomas (Appointed 30 September 2016)
C. Love (Appointed 30 September 2016)
M. Drennan (Resigned 30 September 2016)
C. Kelaher (Resigned 30 September 2016)
R. Mota (Resigned 30 September 2016)

Performance

The table below demonstrates the performance of the Scheme as represented by the total return per annum, which is calculated as the aggregation of the percentage capital growth and percentage distribution income. The total return per annum calculated after fees is shown for the past two years to 30 June 2017 and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC standard 6.0 Product Performance - Calculation of Returns. The Directors assess the performance of the Scheme's total return per annum with the relevant benchmark that is disclosed in the Product Disclosure Statement. The comparison to benchmark performance for the two years to 30 June 2017 is also shown below:

	30 June 2017 %	30 June 2016 %
Capital growth	**10.35**	(8.91)
Distribution	**0.27**	2.85
Total return	**10.62**	(6.06)
Benchmark S&P/ASX 300 Accumulation Index	**13.82**	0.87

Director's report (continued)

Performance (continued)

Consistent with our statements in the current Product Disclosure Statement, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Indirect Cost Ratio (ICR)

The indirect cost of ratio of the Scheme for the reporting period is shown in the following table:

	2017	2016
	%	%
Indirect Cost Ratio	**0.98**	0.98

The cost is calculated on the net asset value of the Scheme and is deducted from the assets of the Scheme. The cost is accrued daily and paid monthly and is incorporated into the daily unit prices of the Scheme. The indirect cost ratio calculation includes investment management fees charged to the Scheme during the reporting period, including those charged by the Responsible Entity directly for the management of the assets.

Review and results of operations

There have been no significant changes to the operations of the Scheme during the reporting period. The Scheme continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

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

	For the reporting period ended	
	30 June 2017	30 June 2016
	$'000	$'000
Profit/(loss) before finance costs attributable to unitholders	**4,681**	(3,418)
Distributions paid and payable to unitholders	**130**	1,776
Distributions (cents per unit - CPU)	**0.250**	2.942

Distributions to unitholders are disclosed in Note 7.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Scheme that occurred during the reporting period.

Likely developments and expected results of operations

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

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme 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.

Director's report (continued)

Likely developments and expected results of operations (continued)

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

Indemnification and insurance of officers and auditors

There is a Directors' and Officers' insurance policy which indemnifies the Directors and Officers of Perennial Investment Management Limited against liabilities to persons outside Perennial Investment Management Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its related parties

Fees paid to the Responsible Entity and its related parties out of the Scheme property during the reporting period are disclosed in Note 12 of the financial statements.

No fees were paid out of Scheme property to the Directors of the Responsible Entity during the reporting period.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the reporting period are disclosed in Note 12 of the financial statements.

Interests in the Scheme

The movements in units on issue in the Scheme during the reporting period are disclosed in Note 6 of the financial statements.

The value of the Scheme's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 of the financial statements.

Environmental regulation

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

Events occurring after the reporting period

Except as disclosed in the financial statements, no other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

(i) the operations of the Scheme in future reporting periods; or
(ii) the results of those operations in future reporting periods; or
(iii) the state of affairs of the Scheme in future reporting periods.

Rounding of amounts to the nearest thousand

The Scheme is an entity of the 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 thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated.

Director's report (continued)

Auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 6 and forms part of the Directors' Report for the year ended 30 June 2017.

Signed in accordance with a resolution of the Directors of Perennial Investment Management Limited.

A. Patterson
Director

Sydney
6 September 2017

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

To the Directors of Perennial Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Perennial Value Wealth Defender Australian Shares Trust for the financial year ended 30 June 2017 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

Rachel Milum

Partner

Melbourne

6 September 2017

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of comprehensive income

	Notes	For the reporting period ended 30 June 2017 $'000	30 June 2016 $'000
Investment income			
Interest income	3	37	55
Dividend/Distribution income		2,006	2,388
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	3,379	(5,122)
Other income		1	-
Total investment income		5,423	(2,679)
Expenses			
Responsible Entity's fees		484	530
Performance fees	12	-	(60)
Transaction costs		258	266
Other expenses		-	3
Total expenses		742	739
Profit/(loss) before finance costs attributable to unitholders		4,681	(3,418)
Finance costs attributable to unitholders			
Distributions to unitholders	7	130	1,776
Increase/(decrease) in net assets attributable to unitholders	6	4,551	(5,194)
Profit/(loss) for the reporting period attributable to unitholders		-	-
Other comprehensive income for the reporting period attributable to unitholders		-	-
Total comprehensive income for the reporting period attributable to unitholders		-	-

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

Statement of financial position

	Notes	As at 30 June 2017 $'000	30 June 2016 $'000
Assets			
Cash and cash equivalents	13(b)	**3,555**	2,355
Receivables		**523**	524
Financial assets held at fair value through profit or loss	8	**50,877**	50,534
Total assets		**54,955**	53,413
Liabilities			
Distributions payable	7	**130**	647
Payables		**1,027**	162
Financial liabilities held at fair value through profit or loss	9	**786**	6,687
Total liabilities (excluding net assets attributable to unitholders)		**1,943**	7,496
Net assets attributable to unitholders - liability	6	**53,012**	45,917

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

Statement of changes in equity

	For the reporting period ended	
	30 June 2017 $'000	30 June 2016 $'000
Total equity at the beginning of the reporting period	-	-
Profit/(loss) for the reporting period attributable to unitholders	-	-
Other comprehensive income for the reporting period attributable to unitholders	-	-
Total comprehensive income for the reporting period attributable to unitholders	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the reporting period	-	-

In accordance with AASB 132 *Financial Instruments: Presentation*, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the reporting period and no items of changes in equity have been presented for the current or comparative year.

Changes in net assets attributable to unitholders are disclosed in Note 6.

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

Statement of cash flows

	Notes	For the reporting period ended 30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**67,564**	77,453
Purchase of financial instruments held at fair value through profit or loss		**(69,508)**	(90,104)
Transaction costs on financial instruments held at fair value through profit or loss		**(258)**	(276)
Dividend income received		**2,054**	2,162
Interest received		**37**	58
Other income received		**1**	-
Responsible Entity's fees paid		**(480)**	(541)
RITC received		**6**	17
Net cash inflow/(outflow) from operating activities	13(a)	**(584)**	(11,231)
Cash flows from financing activities			
Proceeds from applications by unitholders		**15,896**	46,946
Payments for redemptions by unitholders		**(13,643)**	(34,658)
Distributions paid		**(469)**	(1,467)
Net cash inflow/(outflow) from financing activities		**1,784**	10,821
Net increase/(decrease) in cash and cash equivalents		**1,200**	(410)
Cash and cash equivalents at the beginning of the reporting period		**2,355**	2,765
Cash and cash equivalents at the end of the reporting period	13(b)	**3,555**	2,355

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

1 General information

These financial statements cover Perennial Value Wealth Defender Australian Shares Trust ("the Scheme") as an individual entity. The Scheme was constituted on 30 May 2014. The Scheme will terminate on 30 May 2094 unless terminated earlier in accordance with the provisions of the Scheme's Constitution. The Scheme invests in equities, derivatives and unlisted unit trusts in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is Perennial Investment Management Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000. The Responsible Entity's ABN is 13 108 747 637.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The financial statements are for the period 1 July 2016 to 30 June 2017 ("the reporting period").

The financial statements were authorised for issue by the Directors on 6 September 2017. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of the reporting period cannot be reliably determined.

Compliance with Australian Accounting Standards and International Financial Reporting Standards

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

New/Amended standards adopted by the Scheme

The Scheme applied the following accounting standard amendments which became effective for the first time for the reporting period:

AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* amends to clarify minor points in various accounting standards, including AASB 5, AASB 7, AASB 119 and AASB 134. The adoption of AASB 2015-1 did not have a significant impact on the Scheme for the current period.

AASB 2015-2 amends AASB 101 *Presentation of Financial Statements* to clarify that entities should not disclose immaterial information and that the presentation in notes to the financial statements can and should be tailored to provide the report users with the clearest story of an entity's financial performance and financial position. The adoption of AASB 2015-2 did not have a significant impact on the presentation of the Scheme's financial statements for the year ended 30 June 2017.

There were no other new or amended standards and interpretations that became effective for the first time for the reporting period that were relevant to the Scheme.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

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

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

  - *Financial instruments held for trading*

    These may include derivative financial instruments including futures, forward contracts, options and interest rate swaps. The Scheme does not designate any derivatives as hedges in a hedging relationship.

  - *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 may include investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper.

    Financial assets and financial liabilities 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 Scheme's documented investment strategy. The Scheme'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.

    The information on the fair value basis is provided internally to the Scheme's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the trade date at which it becomes party to the contractual agreement and recognises changes in fair value of the financial assets or financial liabilities from this date.

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

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the Statement of Comprehensive Income in the reporting period the asset is derecognised as realised gains or losses on financial instruments.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

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

  Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

  - *Fair value in an active market*

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

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

    The Scheme's financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed derivatives, where applicable.

  - *Fair value in an inactive or unquoted market*

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

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

    For other pricing models, inputs are based on market data at the end of the reporting period.

    There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Scheme recognises the difference in the Statement of Comprehensive Income to reflect a change in factors, including time, which market participants would consider in setting a price.

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

    The Scheme's financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments from investments in unlisted unit trusts, unlisted equity and/or debt securities where applicable.

(iv) Offsetting financial instruments

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

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders option and are classified as financial liabilities due to mandatory distributions and the units can be put back to the Scheme 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 put the units back to the Scheme. Because the Scheme's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists, which has been treated as a separate component of net assets attributable to unitholders. Changes in the value of this financial liability are recognised in the Statement of Comprehensive Income as they arise.

(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, if any, are shown within borrowings 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 Scheme's main income generating activity.

(e) Investment income

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

Dividend income is recognised on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

(f) Expenses

All expenses, including Responsible Entity's fees are recognised in the Statement of Comprehensive Income on an accruals basis.

(g) Income tax

Under current legislation, the Scheme is not subject to income tax as unitholders are presently entitled to the income of the Scheme.

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 distributed so that the Scheme is not subject to capital gains tax.

The benefit of imputation credits and foreign tax paid are passed on to unitholders where possible.

The Scheme currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Comprehensive Income.

(h) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for 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.

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

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

2 Summary of significant accounting policies (continued)

(j) 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.

(k) Receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC) and application monies receivable from unitholders.

(l) Payables

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

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

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the Statement of Financial Position when unitholders are presently entitled to the distributable income under the Scheme's Constitution.

(m) 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 cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue.

(n) Goods and Services Tax (GST)

Expenses of various services provided to the Scheme by third parties such as custodial services and investment management fees etc. are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expense or cost item.

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

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

(o) Use of judgments and estimates

The preparation of the Scheme's financial statements requires it to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

2 Summary of significant accounting policies (continued)

(o) Use of judgments and estimates (continued)

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

The determination of what constitutes 'observable' requires significant judgement by the Scheme. The Scheme 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.

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgments. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not yet been applied in the financial statements. The Directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

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

AASB 9 *Financial Instruments* addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities. It has now also introduced revised rules for hedge accounting and impairment. The Standard is not applicable until 1 January 2018 but is available for early adoption. No significant impact is expected upon the recognition and measurement of the Scheme's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Scheme does not apply hedge accounting. AASB 9 introduces a new impairment model in respect of financial assets. However, as the Scheme's investments are all held at fair value through profit or loss, the change in impairment rules is not expected to impact the Scheme. The Scheme does not intend to early adopt AASB 9. The Scheme will apply AASB 9 in its financial statements for the reporting period commencing from 1 July 2018.

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

The AASB has issued a new standard for the recognition of revenue. Once applied or effective, AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the notion that revenue is recognised when control of a good or service transfers to a customer. This notion of control replaces the existing notion of risks and rewards. The Scheme's main source of income includes interest, dividends/distributions and gains on financial instruments held at fair value through profit or loss. All of these are outside the scope of the Revenue standard. Consequently, no significant impact is expected upon the Scheme's financial statements. The Scheme does not intend to early adopt AASB 15. The Scheme will apply AASB 15 in its financial statements for the reporting period commencing from 1 July 2018.

(iii) AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* (effective from 1 January 2017)

AASB 2016-2 amends AASB 107 *Statements of Cash Flows* to require entities to provide disclosure that enable users of financial statements to evaluate cash and non-cash changes in their financing activities. No significant impact is expected upon adoption of the amendments. The Scheme does not intend to early adopt AASB 2016-2. The Scheme will apply AASB 2016-2 in its financial statements for the reporting period commencing from 1 July 2017.

(iv) AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* (effective from 1 January 2018)

AASB 2016-3 amends AASB 15 *Revenue from Contracts with Customers* to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. It also provides further practical expedients on transition to AASB 15. No significant impact is expected upon adoption of the amendments. The Scheme does not intend to early adopt AASB 2016-3. The Scheme will apply AASB 2016-3 in its financial statements for the reporting period commencing from 1 July 2018.

2 Summary of significant accounting policies (continued)

(q) Rounding of amounts

The Scheme is an entity of the 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 off in accordance with that ASIC Instrument to the nearest thousand dollars, unless otherwise indicated.

3 Interest income

	For the reporting period ended	
	30 June 2017 $'000	30 June 2016 $'000
Cash and cash equivalents	37	55
	37	55

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

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	For the reporting period ended	
	30 June 2017 $'000	30 June 2016 $'000
Net gains/(losses) on financial instruments held for trading	**(2,235)**	(553)
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	5,614	(4,569)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	3,379	(5,122)

5 Auditor's remuneration

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

	For the reporting period ended	
	30 June 2017	30 June 2016
	$	$
KPMG		
Audit and other assurance services		
Audit and review of financial statements	**9,000**	9,076
Other regulatory audit services	**2,500**	2,562
Total remuneration for and other assurance services	**11,500**	11,638
Taxation services		
Taxation compliance services	**2,000**	1,680
Total remuneration for taxation services	**2,000**	1,680
Total remuneration of KPMG	**13,500**	13,318

Auditor's remuneration is paid by the Responsible Entity.

6 Net assets attributable to unitholders

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.

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

	For the reporting period ended			
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
	No.	No.	**$'000**	$'000
Opening balance	**49,645**	37,363	**45,917**	37,931
Applications	**16,080**	48,547	**15,997**	47,027
Redemptions	**(13,965)**	(37,087)	**(13,630)**	(34,685)
Units issued upon reinvestment of distributions	**191**	822	**177**	838
Increase/(decrease) in net assets attributable to unitholders	**-**	-	**4,551**	(5,194)
Closing balance	**51,951**	49,645	**53,012**	45,917

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's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders as a whole.

7 Distributions to unitholders

The distributions for the reporting period were as follows:

	For the reporting period ended			
	30 June 2017 $'000	30 June 2017 CPU	30 June 2016 $'000	30 June 2016 CPU
Distributions				
Distributions paid (31 December)	-	-	1,129	1.640
Distributions payable (30 June)	130	0.250	647	1.302
Total distributions	130	0.250	1,776	2.942

8 Financial assets held at fair value through profit or loss

	As at	
	30 June 2017 $'000	30 June 2016 $'000
Held for trading		
Derivatives	1,362	4,853
Total held for trading	1,362	4,853
Designated at fair value through profit or loss		
Listed equities	46,024	41,672
Listed property trusts	3,491	4,009
Total designated at fair value through profit or loss	49,515	45,681
Total financial assets held at fair value through profit or loss	50,877	50,534

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

9 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2017 $'000	30 June 2016 $'000
Held for trading		
Derivatives	786	6,687
Total held for trading	786	6,687
Total financial liabilities held at fair value through profit or loss	786	6,687

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

10 Derivative financial instruments

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

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

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the 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, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

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

The Scheme holds 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 usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Options

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

The Scheme's derivative financial instruments at reporting period-end are detailed below:

		Fair Value	
	Contract/ notional value	**Assets**	**Liabilities**
30 June 2017	**$'000**	**$'000**	**$'000**
Share Price Index Futures	(289)	6	-
Share Options	4,179	34	-
Share Index Options	751	1,322	(786)
Total derivative instruments	4,641	1,362	(786)

		Fair Value	
	Contract/ notional value	Assets	Liabilities
30 June 2016	$'000	$'000	$'000
Share Price Index Futures	(2,977)	1	-
Share Options	1,369	8	-
Share Index Options	520	4,844	(6,687)
Total derivative instruments	(1,088)	4,853	(6,687)

10 Derivative financial instruments (continued)

An overview of the risk exposures relating to derivatives is included in Note 11.

11 Financial risk management

(a) Objectives, strategies, policies and processes

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

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

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 interest rate, foreign exchange and other price risks, and ratings analysis for credit risk.

As part of its risk management strategy, the Scheme may use derivatives and other investments, including share price and bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks, and exposures arising from forecast transactions.

(b) Market risk

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

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

The sensitivity of the Scheme's net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Scheme's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Scheme invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

The overall market exposures were as follows:

	As at	
	30 June 2017 $'000	30 June 2016 $'000
Derivatives assets held for trading	**1,362**	4,853
Derivatives liabilities held for trading	**(786)**	(6,687)
Securities designated at fair value through profit or loss	**49,515**	45,681
	50,091	43,847

11 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Scheme's investment portfolio. The investments are classified on the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Scheme's overall market positions are monitored on a regular basis by the Scheme's Investment Manager. This information and the compliance with the Scheme's Product Disclosure Statement are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, compliance committees and ultimately the Board.

At 30 June 2017, if the equity prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

	As at 30 June 2017		As at 30 June 2016	
	Increased by 5% $'000	**Decreased by 5% $'000**	Increased by 25% $'000	Decreased by 10% $'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	2,505	(2,505)	9,383	(4,382)

(ii) Foreign exchange risk

There was no significant direct foreign exchange risk in this Scheme as at 30 June 2017 (2016: Nil).

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Responsible Entity establishes interest rate management strategies to manage the risk of the Scheme. This includes managing exposures around the benchmark and hedging exposures through the use of derivatives.

In accordance with the Scheme's policy, the Responsible Entity via the Investment Manager monitors the Scheme's overall interest sensitivity on a daily basis and the Directors of the Responsible Entity review it on a quarterly basis.

Interest rate risk is not considered to be significant to the Scheme except in relation to investments in interest bearing securities. The Scheme does not have any investments in interest bearing securities at 30 June 2017 and 30 June 2016.

However, the Scheme does hold cash for liquidity and transactional purposes and this cash is held at floating rates of interest. As a result, the Scheme is not subject to material exposure to interest rate risks due to fluctuations in the levels of the market interest rates.

11 Financial risk management (continued)

(c) Credit risk

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

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

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

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

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

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

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

In accordance with the Scheme's policy, the Investment Manager monitors the Scheme's credit position on a regular basis. This information and the compliance with the Scheme's policy are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, compliance committees and ultimately the Board. All contracts are with counterparties included in the Board's Approved Counterparties list.

There was no significant credit risk in the Scheme as at 30 June 2017 (2016: Nil).

(d) Liquidity risk

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

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

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

The Scheme may invest in investments in unlisted unit trusts that expose the Scheme to the risk that the Scheme or Investment Manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Scheme.

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 liquidate quickly 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 a deterioration in the creditworthiness of any particular issuer. No such investments were held at the end of the reporting period.

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

Under the terms of its constitution, the Scheme has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

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

11 Financial risk management (continued)

(d) Liquidity risk (continued)

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

(i) *Maturity of non-derivative financial liabilities*

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

	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	More than 12 months $'000
At 30 June 2017				
Distribution payable	130	-	-	-
Payables	1,027	-	-	-
Financial liabilities held at fair value through profit or loss	149	529	108	-
Net assets attributable to unitholders	53,012	-	-	-
Total financial liabilities	54,318	529	108	-

	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	More than 12 months $'000
At 30 June 2016				
Distribution payable	647	-	-	-
Payables	162	-	-	-
Financial liabilities held at fair value through profit or loss	217	3,193	3,277	-
Net assets attributable to unitholders	45,917	-	-	-
Total financial liabilities	46,943	3,193	3,277	-

As disclosed above, the Scheme predominantly invests in liquid assets that it expects to be able to liquidate within 7 days or less. Liquid assets include cash and cash equivalents and listed equities. As at 30 June 2017, these assets amounted to $49,579,244 (2016: $44,026,833).

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

The carrying amounts of all the Scheme's financial assets and financial liabilities at the end of the reporting period approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Scheme's accounting policy on fair value measurement is set out in Note 2(b). The methods and assumptions used in the determination of the fair value of each class of financial instruments are also set out in Note 2(b).

11 Financial risk management (continued)

Note 2(o) outlines further the nature of management's judgments, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

(f) Fair value hierarchy

The Scheme is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets; market-corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

The determination of what constitutes "observable" requires significant judgement by the Scheme. The Scheme considers observable data to be that 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 Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets held for trading:				
Share Price Index Futures	6	-	-	6
Share Options	34	-	-	34
Share Index Options	1,322	-	-	1,322
	1,362	-	-	1,362
Financial assets designated at fair value through profit or loss:				
Listed Equities	46,024	-	-	46,024
Listed Property Trust	3,491	-	-	3,491
	49,515	-	-	49,515
Total	50,877	-	-	50,877
Financial liabilities held for trading:				
Share Index Options	786	-	-	786
Total	786	-	-	786

11 Financial risk management (continued)

(f) Fair value hierarchy (continued)

30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets held for trading:				
Share Price Index Futures	1	-	-	1
Share Options	8	-	-	8
Share Index Options	2,858	1,986	-	4,844
	2,867	1,986	-	4,853
Financial assets designated at fair value through profit or loss:				
Listed Equities	41,672	-	-	41,672
Listed Property Trust	4,009	-	-	4,009
	45,681	-	-	45,681
Total	48,548	1,986	-	50,534
Financial liabilities held for trading				
Share Index Options	2,087	4,600	-	6,687
Total	2,087	4,600	-	6,687

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

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include investment-grade corporate bonds, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 2 investments could include those that are not traded in active markets and/or are subject to transfer restrictions (e.g. redemption restrictions). Valuations for these investments may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Typically, prices of units in unlisted managed investment trusts that are either published on the investment manager's website and/or circulated among market participants as executable quotes are categorised as level 2.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted unit trusts and corporate debt securities. As observable prices are not available for these securities, valuation techniques are used to derive fair value.

There were no transfers between any levels for the year ended 30 June 2017. As at 30 June 2016 the Scheme held exchange traded futures and options, hence the change in classification from level 2 to level 1.

11 Financial risk management (continued)

(f) Fair value hierarchy (continued)

At 30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000
Transfers between levels 1 and 2:			
Share Price Index Futures	-	-	-
Share Options	-	-	-
Share Index Options	-	-	-

At 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000
Transfers between levels 1 and 2:			
Share Price Index Futures	1	(1)	-
Share Options	8	(8)	-
Share Index Options	771	(771)	-

12 Related party transactions

(a) Responsible Entity

The Responsible Entity of Perennial Value Wealth Defender Australian Shares Trust is Perennial Investment Management Limited.

The immediate parent entity and the ultimate controlling entity of Perennial Investment Management Limited is Perennial Value Management Limited.

(b) Directors

Key management personnel includes persons who were Directors of Perennial Investment Management Limited at any time during the reporting period.

(c) 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 reporting period.

(d) Key management personnel unitholdings

As at 30 June 2017, the unit holdings of the Directors of the Responsible Entity are as follows (2016: $Nil):

30 June 2017 Unitholder	No. of units held opening Units	Number of units held closing Units	Fair value of investment $	Interest held %	No. of units acquired Units	No. of units disposed Units	Distributions paid/payable by the Scheme $
A. Patterson	2,769,191	2,202,019	2,245,839	4.24	38,997	606,169	5,511
B. Thomas	342,253	347,073	353,980	0.67	4,820	-	869
C. Love	21,610	21,914	22,351	0.04	304	-	55
Total	3,133,054	2,571,006	2,622,170		44,121	606,169	6,435

(e) Key management personnel compensation

Key management personnel are remunerated by Perennial Value Management Limited.

Payments made from the Scheme to Perennial Investment Management Limited do not include any amounts that are directly attributable to the key management personnel remuneration.

12 Related party transactions (continued)

(f) Key management personnel loan disclosures

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

(g) Other transactions within the Scheme

From time to time, Directors of the Responsible Entity, or their Director related parties, 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 and are trivial in nature.

(h) Responsible entity's/manager's fees and other transactions

Under the terms of the Scheme's Constitution, the Responsible Entity is entitled to receive a maximum management fees of 5.00% per annum. The management fee charged by the Responsible Entity for the reporting period was 0.98% per annum (2016: 0.98%).

Expenses in connection with the preparation of accounting records and the maintenance of the unit register are reimbursed in accordance with the Scheme's Constitution.

The transactions during the reporting period and amounts payable at reporting period end between the Scheme and the Responsible Entity were as follows:

	30 June 2017 $	30 June 2016 $
Management fees for the reporting period paid by the Scheme to the Responsible Entity	483,452	530,434
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	45,081	41,112
Performance fees	-	(59,541)

(i) Related party unitholdings

Parties related to the Scheme including Perennial Investment Management Limited, its related parties and other schemes managed by Perennial Investment Management Limited held units in the Scheme as follows:

30 June 2017 Unitholder	No. of units held opening Units	No. of units held closing Units	Interest held %	No. of units acquired Units	No. of units disposed Units	Distributions paid/payable by the Scheme $
IOOF Portfolio Service Superannuation Fund	9,760,778	8,137,120	15.66	780,803	2,404,461	20,431
IOOF Portfolio Service Investments	102	-	-	-	102	-
30 June 2016						
Unitholder						
IOOF Portfolio Service Superannuation Fund	9,411,694	9,760,778	19.66	2,932,037	2,582,953	306,064
The Portfolio Service Retirement Fund	13,697	-	-	36,658	50,355	826
IOOF Portfolio Service Investments	24,917	102	-	61,749	86,564	3

12 Related party transactions (continued)

(j) Investments

The Scheme did not hold any investments in Perennial Investment Management Limited or its related parties during the reporting period.

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

	For the reporting period ended 30 June 2017 $'000	30 June 2016 $'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the reporting period attributable to unitholders	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	(3,379)	5,122
Increase/(decrease) in net assets attributable to unitholders	4,551	(5,194)
Distribution to unitholders	130	1,776
Proceeds from sale of financial instruments held at fair value through profit or loss	67,564	77,453
Purchase of financial instruments held at fair value through profit or loss	(69,508)	(90,104)
Net change in receivables and other assets	61	(155)
Net change in payables and other liabilities	4	(55)
Reinvested income	(7)	(74)
Net cash inflow/(outflow) from operating activities	(584)	(11,231)
(b) Components of cash and cash equivalents		
Cash as at the end of the year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	3,555	2,355
	3,555	2,355
(c) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	177	838
Proceeds from application for units	103	-
Payments for redemption of units	(103)	-
	177	838

14 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 Scheme disclosed in the statement of financial position as at 30 June 2017 or on the results and cash flows of the Scheme for the year ended on that date.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2017 and 30 June 2016.

Director's declaration

In the opinion of the Directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 7 to 29 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 Scheme's financial position as at 30 June 2017 and of its performance, as represented by the results of its operations and cash flows, for the reporting period ended on that date.

(b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

(c) the financial statements are in accordance with the Scheme's Constitution.

(d) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

A. Patterson
Director

Sydney
6 September 2017

Independent Auditor's Report

To the unitholders of Perennial Value Wealth Defender Australian Shares Trust

Opinion

We have audited the ***Financial Report*** of Perennial Value Wealth Defender Australian Shares Trust (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 30 June 2017, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Statement of financial position as at 30 June 2017;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year 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 relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Perennial Investment Management Limited (the Responsible Entity) 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.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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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 Directors for the Financial Report

The Directors of Perennial Investment Management 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. 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 this 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_files/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Rachel Milum

Partner

Melbourne

6 September 2017

Contact details

Responsible Entity

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