

**Contact Australian Ex-50 Fund**  
ARSN 639 574 708  
**Annual report**  
**For the year ended 30 June 2021**

# Contact Australian Ex-50 Fund

ARSN 639 574 708

## Annual report

### For the year ended 30 June 2021

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This annual report covers Contact Australian Ex-50 Fund as an individual entity.

The Responsible Entity of Contact Australian Ex-50 Fund is Evolution Trustees Limited (ABN 26 611 839 519) (AFSL 486217).

The Responsible Entity's registered office is:

Suite 703B, Level 7, 1 York St  
Sydney, NSW 2000

## Directors' report

The Directors of Evolution Trustees Limited, the Responsible Entity of Contact Australian Ex-50 Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2021.

### Principal activities

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

The Fund was constituted on 27 February 2020, registered with the Australian Securities and Investments Commission on 16 March 2020 and commenced operations on 17 March 2020.

The Fund invests in a concentrated portfolio of listed Australian Equities outside the Australian Securities Exchange (ASX) Top 50 selected by Contact Asset Management Pty Limited.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	Evolution Trustees Limited
Investment Manager	Contact Asset Management Pty Limited
Custodian	Mainstream Fund Services Pty Ltd
Unit Registry	Mainstream Fund Services Pty Ltd
Administrator	Mainstream Fund Services Pty Ltd
Statutory Auditor	MGI Sydney Assurance Services Pty Ltd

### Directors

The following persons held office as Directors of Evolution Trustees Limited during the year or since the end of the year and up to the date of this report:

David R Grbin	Chairman
Alexander J Calder	Director
Rupert C Smoker	Director
Ben Norman	Alternate Director for Rupert C Smoker

### Review and results of operations

During the year, the Fund commenced investing its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

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

	<b>Year ended 30 June 2021</b>	For the period 16 March 2020 to 30 June 2020
Operating profit/(loss) for the year (\$)	<b>588,206</b>	73,314
Distributions paid and payable (\$)	<b>48,803</b>	12,067
Distributions (cents per unit)	<b>1.2396</b>	1.3829

## Directors' report (continued)

### Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

### Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. However, it has not significantly impacted the operations of the Fund.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund in future financial years;
- (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 and 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.

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the Officers and Directors of Evolution Trustees Limited. So long as the Officers and Directors of Evolution Trustees Limited act in accordance with the Fund's Constitution and the Law, the Officers and Directors remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

### Fees paid to and interests held in the Fund by the Responsible Entity and its associates

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

No fees were paid out of Fund property to the Directors of the Responsible Entity during the year.

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

### Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

### Environmental regulation

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

**Directors' report (continued)**

**Auditor's independence declaration**

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Director's Report for the year ended 30 June 2021.

This report is made in accordance with a resolution of the Directors of Evolution Trustees Limited.



Rupert C Smoker  
Director  
Evolution Trustees Limited

Sydney  
24 August 2021



**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF EVOLUTION TRUSTEE AS RESPONSIBLE ENTITY  
FOR CONTACT AUSTRALIAN EX-50 FUND**

As auditor for the audit of the financial report of Contract Australian Ex-50 Fund for the year ended 30 June 2021, I declare to the best of my knowledge and belief, 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.

*MGI Sydney Assurance Services*

MGI Sydney Assurance Services Pty Limited  
Chartered Accountants

Kimmy Jongue  
Director  
Sydney, 24 August 2021

**Contact Australian Ex-50 Fund  
Statement of comprehensive income  
For the year ended 30 June 2021**

**Statement of comprehensive income**

		<b>Year ended 30 June 2021</b>	<b>For the period 16 March 2020 to 30 June 2020</b>
	Note	\$	\$
<b>Investment income</b>			
Dividend and distribution income		66,573	5,930
Other income		4	2
Management fee reimbursement	14	154,890	-
Net gains on financial instruments at fair value through profit or loss	5	566,384	69,772
<b>Total net investment income</b>		<b>787,851</b>	<b>75,704</b>
<b>Expenses</b>			
Management fees	14	16,993	1,312
Responsible Entity's fees		68,952	-
Remuneration to auditors		12,200	-
Administration and custody fees		72,893	-
Other expenses		18,741	-
Transaction costs		9,866	1,078
<b>Total operating expenses</b>		<b>199,645</b>	<b>2,390</b>
<b>Profit for the year</b>		<b>588,206</b>	<b>73,314</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>588,206</b>	<b>73,314</b>

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

Statement of financial position

	Note	As at 30 June 2021 \$	As at 30 June 2020 \$
<b>Assets</b>			
Cash and cash equivalents	9	2,795,566	352,641
Due from brokers - receivable for securities sold		103,229	-
Receivables	11	2,350	5,082
Financial assets at fair value through profit or loss	6	6,145,627	629,903
<b>Total assets</b>		<b>9,046,772</b>	<b>987,626</b>
<b>Liabilities</b>			
Distributions payable	8	39,633	12,067
Due to brokers - payable for securities purchased		2,651,836	-
Payables	12	17,687	1,312
<b>Total liabilities</b>		<b>2,709,156</b>	<b>13,379</b>
<b>Net assets attributable to unit holders – equity</b>	7	<b>6,337,616</b>	<b>974,247</b>

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



**Contact Australian Ex-50 Fund  
Statement of changes in equity  
For the year ended 30 June 2021**

**Statement of changes in equity**

	Note	As at 30 June 2021 \$	As at 30 June 2020 \$
<b>Balance at the beginning of the year</b>		<b>974,247</b>	-
<b>Comprehensive income for the year</b>			
Net profit attributable to unitholders		588,206	73,314
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>588,206</b>	<b>73,314</b>
<b>Transactions with unit holders</b>			
Applications	7	4,879,000	913,000
Redemptions	7	(65,127)	-
Reinvestment of distributions	7	10,093	-
Distributions		(48,803)	(12,067)
<b>Total transactions with unit holders</b>		<b>4,775,163</b>	<b>900,933</b>
<b>Balance at the end of the year</b>		<b>6,337,616</b>	<b>974,247</b>

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

**Contact Australian Ex-50 Fund**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

**Statement of cash flows**

		Year ended 30 June 2021 \$	For the period 16 March 2020 to 30 June 2020 \$
<b>Cash flows from operating activities</b>			
Proceeds from sales of financial instruments at fair value through profit or loss		782,078	165,441
Payments for the purchase of financial instruments at fair value through profit or loss		(3,182,811)	(725,572)
Other income received		4	2
Dividends and distributions received		69,303	929
Management fees reimbursed		154,890	-
Management fees paid		(13,518)	-
Custody and administration fees paid		(72,893)	-
Remuneration paid to auditors		700	-
Responsible Entity's fees paid		(68,952)	-
Transaction costs paid		(9,866)	(1,078)
Other expenses paid		(18,739)	(81)
<b>Net cash outflow from operating activities</b>	10	<b>(2,359,804)</b>	<b>(560,359)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		4,879,000	913,000
Payments for redemptions to unitholders		(65,127)	-
Distributions paid		(11,144)	-
<b>Net cash inflow from financing activities</b>		<b>4,802,729</b>	<b>913,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,442,925</b>	<b>352,641</b>
Cash and cash equivalents at the beginning of the year		<b>352,641</b>	-
<b>Cash and cash equivalents at the end of the year</b>	9	<b>2,795,566</b>	<b>352,641</b>
<b>Non-cash financing activities</b>	10	<b>10,093</b>	-

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

**Notes to the financial statements**

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## 1 General information

These financial statements cover Contact Australian Ex-50 Fund (the "Fund") as an individual entity. The Fund was constituted on 27 February 2020, registered with the Australian Securities and Investments Commission on 16 March 2020 and commenced operations on 17 March 2020 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Evolution Trustees Limited (ABN 29 611 839 519) (AFSL 486217) (the "Responsible Entity"). The Responsible Entity's registered office is Suite 703B, Level 7, 1 York St, Sydney NSW 2000. The financial statements are presented in the Australian currency unless otherwise noted.

The Responsible Entity is incorporated and domiciled in Australia.

The Fund invests in a concentrated portfolio of listed Australian Equities outside the Australian Securities Exchange (ASX) Top 50 selected by Contact Asset Management Pty Limited.

The financial statements were authorised for issue by the Directors on the date the Directors' declaration was signed. 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 the period presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

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 do not distinguish between current and non-current. All balances are generally expected to be recovered or settled within 12 months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months cannot be reliably determined.

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

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the Fund

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

#### (iii) New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted

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

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments

#### (i) Classification

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

- Assets

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with the Fund's document investment strategy. The Fund uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

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

- Liabilities

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

#### (ii) Recognition and 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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

#### (iii) Measurement

- Financial instruments at fair value through profit or loss

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

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

For further details on how the fair values of financial instruments are determined please see Note 4 to the financial statements.

#### (iv) Impairment

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

## **2 Summary of significant accounting policies (continued)**

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

#### *(v) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has 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.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

### **(c) Net assets attributable to unit holders**

Units are redeemable at the unit holders' option in accordance with the Fund's Constitution; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders or otherwise in accordance with the Fund's Constitution.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

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

The units can be put back to the Fund at any time for cash based on the redemption price subject to the Fund's Constitution.

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

As at 30 June 2021, net assets attributable to unitholders were classified as equity.

### **(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 and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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) Investment income**

#### *(i) Interest income*

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Changes in fair value of financial instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### *(ii) Dividends and distributions*

Dividend income is recognised on the ex-dividend date.

Trust distributions are recognised on an entitlement basis.

## **2 Summary of significant accounting policies (continued)**

### **(f) Expenses**

All expenses are recognised in the statement of comprehensive income on an accruals basis.

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

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

### **(h) Distributions**

The Fund distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

### **(i) Increase/decrease in net assets attributable to unit holders**

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of changes in equity.

### **(j) Functional and presentation currency**

Balances included in the Fund'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 Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

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

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

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

### **(l) Receivables**

Receivables may include amounts for interest, trust distributions and dividends. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC).

Receivables are recognised at amortised cost using the effective interest method, less any allowance for expected credit losses. The Fund has applied a simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, receivables have been grouped based on days overdue.

### **(m) Payables**

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

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

## 2 Summary of significant accounting policies (continued)

### (n) Applications and redemptions

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

### (o) 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 on to 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). Amounts 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.

### (p) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. 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.

For the majority of the Fund's financial instruments, quoted market prices are readily available.

For more information on how fair value is calculated please see Note 4 to the financial statements.

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

## 3 Financial risk management

### (a) Objectives, strategies, policies and processes

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

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures is limited to the notional contract values of those positions.

The investments of the Fund, and associated risks, are managed by the Investment Manager, Contact Asset Management Pty Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity. It contains the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement. There remains to be an ongoing risk with COVID-19 which the investment manager continues to watch and manage.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

### (b) Market risk

#### (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 Fund'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.



### 3 Financial risk management (continued)

#### (b) Market risk (continued)

##### (i) Price risk (continued)

The Fund's overall market positions are monitored on a regular basis by the Fund's Investment Manager. This information and the compliance with the Fund'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 the reporting date, 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) attributable to unitholders would have changed by the following amounts, approximately:

	Impact on operating profit/net assets attributable to unit holders	
	Price risk	
	-5%	+5%
	\$	\$
As at 30 June 2021	(307,281)	307,281
As at 30 June 2020	(31,495)	31,495

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Fund to interest rate risk. The impact of interest rate risk on net assets attributable to unit holders and operating profit is considered immaterial to the Fund.

#### (c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents and amounts due from brokers.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2021, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of Aa2 or higher and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

There was no significant credit risk in the Fund as at 30 June 2021.

#### (d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk is managed by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Investment Manager continuously monitors Fund investments for liquidity, through its risk assessment system.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during the year.

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

##### *Maturities of non-derivative financial liabilities*

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2021	Less than 1 month \$	1 to 6 months \$	6 to 12 months \$	Over 12 months \$	Total \$
Due to brokers - payable for securities purchased	2,651,836	-	-	-	2,651,836
Distributions payable	39,633	-	-	-	39,633
Payables	17,687	-	-	-	17,687
<b>Total financial liabilities</b>	<b>2,709,156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,709,156</b>

  

As at 30 June 2020	Less than 1 month \$	1 to 6 months \$	6 to 12 months \$	Over 12 months \$	Total \$
Distributions payable	12,067	-	-	-	12,067
Payables	1,312	-	-	-	1,312
<b>Total financial liabilities</b>	<b>13,379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,379</b>

### 4 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

#### (a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity, unit trusts and property trusts) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets and financial liability held by the Fund is the last traded market price.

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

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

#### 4 Fair value measurement (continued)

##### (b) Recognised fair value measurements

The tables below presents the Fund's financial assets measured and recognised at fair value.

As at 30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Equity securities	5,846,758	-	-	5,846,758
ASX listed property trusts	298,869	-	-	298,869
<b>Total financial assets</b>	<b>6,145,627</b>	<b>-</b>	<b>-</b>	<b>6,145,627</b>

As at 30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Equity securities	552,959	30,000	-	582,959
ASX listed property trusts	46,944	-	-	46,944
<b>Total financial assets</b>	<b>599,903</b>	<b>30,000</b>	<b>-</b>	<b>629,903</b>

##### (c) Transfer between levels

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

##### (d) Financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current period.

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

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

	Year ended 30 June 2021 \$	For the period 16 March 2020 to 30 June 2020 \$
<b>Financial assets</b>		
Net unrealised gains on financial assets at fair value through profit or loss	566,384	69,772
<b>Total net gains on financial instruments at fair value through profit or loss</b>	<b>566,384</b>	<b>69,772</b>

#### 6 Financial assets at fair value through profit or loss

	As at 30 June 2021 \$	As at 30 June 2020 \$
Equity securities	5,846,758	582,959
ASX listed property trusts	298,869	46,944
<b>Total financial assets at fair value through profit or loss</b>	<b>6,145,627</b>	<b>629,903</b>

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

## 7 Net assets attributable to unit holders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions set out in Note 2(c).

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

	<b>Year ended</b>		For the period	
	<b>30 June 2021</b>		16 March 2020 to 30 June 2020	
	Units	\$	Units	\$
Opening balance	872,587	974,247	-	-
Applications	3,804,003	4,879,000	872,587	913,000
Units issued upon reinvestment of dividend	8,854	10,093	-	-
Redemptions	(53,122)	(65,127)	-	-
Distributions	-	(48,803)	-	(12,067)
Profit for the year	-	588,206	-	73,314
<b>Closing balance</b>	<b>4,632,322</b>	<b>6,337,616</b>	<b>872,587</b>	<b>974,247</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount to be settled within twelve months after the end of the reporting period cannot be reliably determined.

## Capital risk management

The Fund considers its net assets attributable to unit holders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

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

## 8 Distributions to unit holders

The distributions for the year were as follows:

	<b>Year ended</b>		For the period	
	<b>30 June 2021</b>		16 March 2020 to 30 June 2020	
	\$	CPU*	\$	CPU*
31 December	9,170	0.3840	-	-
Distributions payable, 30 June	39,633	0.8556	12,067	1.3829
<b>Total distributions</b>	<b>48,803</b>	<b>1.2396</b>	<b>12,067</b>	<b>1.3829</b>

\* Distribution is expressed as cents per unit amount in Australian Dollars.

## 9 Cash and cash equivalents

	As at	As at
	30 June	30 June
	2021	2020
	\$	\$
Cash at bank	2,795,566	352,641
<b>Total cash and cash equivalents</b>	<b>2,795,566</b>	<b>352,641</b>

**10 Reconciliation of profit to net cash inflow from operating activities**

	<b>Year ended 30 June 2021 \$</b>	<b>For the period 16 March 2020 to 30 June 2020 \$</b>
Profit for the year	588,206	73,314
Proceeds from sale of financial instruments at fair value through profit or loss	782,078	165,441
Payments for the purchase of financial instruments at fair value through profit or loss	(3,182,811)	(725,572)
Net gain on financial instruments at fair value through profit or loss	(566,384)	(69,772)
Net change in receivables	2,732	(5,082)
Net change in payables	16,375	1,312
<b>Net cash outflow from operating activities</b>	<b>(2,359,804)</b>	<b>(560,359)</b>

**Non-Cash Financing Activities**

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

	<b>10,093</b>	-
	<b>10,093</b>	-

**11 Receivables**

	<b>As at 30 June 2021 \$</b>	<b>As at 30 June 2020 \$</b>
Dividends and distributions receivable	2,271	5,001
GST receivable	79	81
<b>Total receivables</b>	<b>2,350</b>	<b>5,082</b>

**12 Payables**

	<b>As at 30 June 2021 \$</b>	<b>As at 30 June 2020 \$</b>
Management fees payable	4,787	1,312
Accruals	12,900	-
<b>Total payables</b>	<b>17,687</b>	<b>1,312</b>

### 13 Remuneration of auditor

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

	Year ended 30 June 2021 \$	For the period 16 March 2020 to 30 June 2020 \$
<b>MGI Sydney</b>		
<i>Audit services</i>		
Audit of financial statements	6,200	6,000
Total remuneration for audit services	6,200	6,000
<i>Taxation services</i>		
Tax compliance services	6,700	12,500
Total remuneration of MGI Sydney	6,700	12,500
<b>Total remuneration of MGI Sydney</b>	12,900	18,500

The auditor's remuneration is paid by the fund. Fees are stated exclusive of GST.

### 14 Related party transactions

The Responsible Entity of Contact Australian Ex-50 Fund is Evolution Trustees Limited (ABN 29 611 839 519) (AFSL 486217). The Investment Manager of the Fund is Contact Asset Management Pty Limited.

#### (a) Key management personnel

##### (i) Directors

Key management personnel include persons who were Directors of Evolution Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

David R Grbin	Chairman
Alexander J Calder	Director
Rupert C Smoker	Director
Ben Norman	Alternate Director for Rupert C Smoker

##### (ii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial year.

#### (b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

#### (c) Key management personnel unit holdings

Key management personnel held units in the Fund, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$'000	Interest held (%)	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
<b>As at 30 June 2021</b>							
Mr Rupert C Smoker & Mrs Sophie E Smoker	19,617	19,923	27,245	0.43%	306	-	247
<b>As at 30 June 2020</b>							
Mr Rupert C Smoker & Mrs Sophie E Smoker	-	19,617	21,903	1.12%	19,617	-	271

#### 14 Related party transactions (continued)

##### (d) Key management personnel compensation

Key management personnel are paid by Evolution Trustees Limited. Payments made from the Fund to Evolution Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

##### (e) Key management personnel loans

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

##### (f) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving management personnel's interests existing at year end.

##### (g) Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended 30 June 2021 \$	For the period 16 March 2020 to 30 June 2020 \$
Management fee reimbursement for the year	(154,890)	-
Management fees for the year	16,993	1,312
Total fees payable to the Investment Manager at year end	3,590	1,312
Responsible Entity's fees for the year	68,952	-

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

##### (h) Related party unit holdings

Parties related to the Fund (including Evolution Trustees Limited, its related parties and other schemes managed by Evolution Trustees Limited and the Investment Manager, but excluding key personnel unit holdings previously identified) held units in the Fund, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$'000	Interest held (%)	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
<b>As at 30 June 2021</b>							
Contact Asset							
Management Pty Ltd	353,767	359,279	492,535	7.77%	5,512	-	4,449
Culber W E Super Fund	20,276	163,515	224,163	3.54%	143,240	-	1,717
<b>As at 30 June 2020</b>							
Contact Asset							
Management Pty Ltd	-	353,767	394,981	20.15%	353,767	-	4,892
Culber W E Super Fund	-	20,276	22,638	1.15%	20,276	-	280

##### (i) Investments

The Fund did not hold investments in Evolution Trustees Limited or its related parties during the year.

**15 Events occurring after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the fund up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the fund's operations, the results of those operations, or the fund's state of affairs in future financial years.

**16 Contingent assets and liabilities and commitments**

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



**Directors' declaration**

In the opinion of the Directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 23 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 June 2021 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Rupert C Smoker  
Director  
Evolution Trustees Limited

Sydney  
24 August 2021



## **INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF CONTACT AUSTRALIAN EX-50 FUND**

### **Opinion**

We have audited the accompanying financial report of Contact Australian Ex-50 Fund (the Fund), which comprises the statement of financial position as at 30 June 2021, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Contact Australian Ex-50 Fund, is in accordance with the *Corporations Act 2001*, including:

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

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### **Other Information**

The directors of Evolution Trustees (the Responsible Entity) are responsible for the other information. The other information comprises the information in the annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors of the Responsible Entity for the Financial Report**

The directors of the Responsible Entity of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

MGI Sydney Assurance Services

MGI Sydney Assurance Services Pty Limited  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Kimmy Jongue', written over a light blue horizontal line.

Kimmy Jongue  
Director  
Sydney, 24 August 2021