

Australian Eagle Trust

ARSN 632 568 846

Annual report

For the year ended 30 June 2019

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These financial statements cover Australian Eagle Trust as an individual entity. The Responsible Entity of Australian Eagle Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150). The Responsible Entity's registered office is:

Level 18 Angel Place
123 Pitt Street
Sydney NSW 2000

Directors' Report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the responsible entity (the "Responsible Entity") of Australian Eagle Trust (the "Fund"). The Directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Fund for the year ended 30 June 2019.

Principal Activities

The Fund is a registered managed investment scheme domiciled in Australia. The Fund was registered with Australian Securities and Investment Commission (ASIC) on 11 April 2019.

The Fund's strategy is to buy a leveraged exposure to superior quality stocks identified by Australian Eagle Asset Management's bottom-up research process, funded by short selling lower quality stocks that the research process has historically identified as underperformers.

The administrator of the Fund changed from Apex Fund Services Ltd to Mainstream Fund Services Pty Ltd on 22 March 2019.

The custodian of the Fund changed from Australian Executor Trustees Limited to Mainstream Fund Services Pty Ltd on 22 March 2019.

The Fund did not have any employees during the year.

The Trust Company (RE Services) Limited was appointed Responsible Entity on 22 March 2019 following the retirement of Alleron Investment Management Pty Ltd who acted as the Trustee from 28 April 2016 until 21 March 2019. The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT).

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

Directors

The Directors of Alleron Investment Management Pty Ltd held office during the period from 1 July 2018 to 21 March 2019, as follows:

Name	Date of appointment/resignation
Albert Hung	(Appointed 28 April 2016, resigned 22 March 2019)
Barry Littler	(Appointed 28 April 2016, resigned 22 March 2019)
Sean Sequeira	(Appointed 28 April 2016, resigned 22 March 2019)

The Directors of The Trust Company (RE Services) Limited from 22 March 2019 and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

Name	Date of appointment/resignation
Glenn Foster	
Michael Vainauskas	
Richard McCarthy	
Andrew McIver	Appointed as Alternate Director for Glenn Foster on 2 September 2019 Resigned as an Alternate Director for Michael Vainauskas on 2 September 2019
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio

Review and results of operations

During the year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution.

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

	Year ended	
	30 June 2019	30 June 2018
Operating profit/(loss) for the year (\$'000)	1,335	1,234
Distributions paid and payable (\$'000)	343	329
Distributions (cents per unit)	5.73	7.23

Directors' Report (continued)

Significant changes in the state of affairs

The administrator of the Fund changed from Apex Fund Services Ltd to Mainstream Fund Services Pty Ltd on 22 March 2019.

The custodian of the Fund changed from Australian Executor Trustees Limited to Mainstream Fund Services Pty Ltd on 22 March 2019.

During the year the Responsible Entity changed from Alleron Investment Management Pty Ltd to The Trust Company (RE Services) Limited on 22 March 2019.

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

Matters subsequent to the end of the financial year

On 2 September 2019, Andrew McIver resigned as the Alternate Director for Michael Vainauskas and appointed as the Alternate Director for Glenn Foster.

Other than the matter above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of the Fund's property during the year are disclosed in Note 13 of the financial statements.

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

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 13 of the financial statements.

Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 8 of 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 of 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)

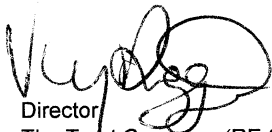
Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
23 September 2019



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of The Trust Company (RE Services) Limited as Responsible Entity for Australian Eagle Trust

As lead auditor for the audit of the financial report of Australian Eagle Trust for the year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Rohit Khanna
Partner
Sydney
23 September 2019

Australian Eagle Trust
Statement of comprehensive income
For the year ended 30 June 2019

Statement of Comprehensive Income

		Year ended	
		30 June	30 June
		2019	2018
		\$'000	\$'000
	Notes		
Investment income			
Dividend and distribution income		631	309
Interest income from financial asset at amortised cost		3	4
Net gains/(losses) on financial instruments at fair value through profit or loss	5	1,251	1,284
Other investment income		-	57
Total investment income/(loss)		1,885	1,654
Expenses			
Management fees	13	118	77
Performance fees	13	91	172
Administration and custody fees		-	54
Dividend expenses		304	113
Other operating expenses		37	4
Total operating expenses		550	420
Operating profit/(loss) for the year		1,335	1,234
Finance costs attributable to unit holders			
Distributions to unit holders		(343)	(329)
(Increase)/decrease in net assets attributable to unit holders		(992)	(905)
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

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

Statement of financial position

		As at	
	Notes	30 June 2019 \$'000	30 June 2018 \$'000
Assets			
Cash and cash equivalents	10	304	2,156
Dividends and distributions receivable		65	56
GST receivable		5	27
Due from brokers - receivable for securities sold		1,164	783
Other receivables		-	149
Financial assets at fair value through profit or loss	6	15,139	11,032
Total assets		16,677	14,203
Liabilities			
Distributions payable	9	343	329
Performance fees payable	13	108	42
Management fees payable	13	13	26
Administration and custody fees payable		-	111
Remuneration to auditors payable		14	7
Applications received in advance		-	2,000
Other payables		26	45
Due to brokers - payable for securities purchased		1,089	661
Financial liabilities at fair value through profit or loss	7	5,145	4,250
Total liabilities (excluding net assets attributable to unit holders)		6,738	7,471
Net assets attributable to unitholders – liability	8	9,939	6,732

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

Statement of changes in equity

	Year ended	
Notes	30 June 2019 \$'000	30 June 2018 \$'000
Total equity at the beginning of the year	-	4,063
Reclassification due to Amit tax regime requirements not met	-	(4,063)
Comprehensive income for the year		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners		
Total equity at the end of the year	-	-

* Effective from 1 July 2017, the Fund's units have been reclassified from financial equity to liability since the Fund does not satisfy the AMIT tax regime requirements. Refer to Note 2 and Note 8 for further detail.

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

Australian Eagle Trust
Statement of Cash Flows
For the year ended 30 June 2019

Statement of cash flows

		Year ended	
		30 June	30 June
		2019	2018
Notes		\$'000	\$'000
Cash flows from operating activities			
	Proceeds from sale of financial instruments at fair value through profit or loss	(187)	13,948
	Purchase of financial instruments at fair value through profit or loss	(1,727)	(15,602)
	Dividends received	622	286
	Interest received/(paid)	3	4
	Other income received	149	-
	Management fees paid	(131)	(85)
	Performance fees paid	(25)	(181)
	Administration and custody fees paid	(111)	-
	Remuneration paid to auditors	-	-
	Dividend paid	(304)	(100)
	Other expenses paid	(27)	(23)
	Net cash inflow/(outflow) from operating activities	(1,738)	(1,753)
11 (a)			
Cash flows from financing activities			
	Proceeds from applications by unitholders	4,242	4,394
	Payments for redemptions by unitholders	(4,306)	(630)
	Distributions paid	(50)	-
	Net cash inflow/(outflow) from financing activities	(114)	3,764
Net increase/(decrease) in cash and cash equivalents			
		(1,852)	2,011
	Cash and cash equivalents at the beginning of the year	2,156	145
	Cash and cash equivalents at the end of the year	304	2,156
10			
Non-cash financing activities			
	Issue of units under the distribution reinvestment plan	279	-
11 (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 Australian Eagle Trust (the "Fund") as an individual entity. The Fund was constituted on 28 April 2016 and commenced operations on 17 June 2016. The Fund will terminate in accordance with the provisions of the Fund's Constitution.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the responsible entity of the Fund (the "Responsible Entity"). The Trust Company (RE Services) Limited was appointed Responsible Entity on 22 March 2019 following the retirement of Alleron Investment Management Pty Ltd who acted as the Trustee from 28 April 2016 until 21 March 2019. The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The investment manager of the Fund is Australian Eagle Asset Management Pty Limited (the "Investment Manager").

The Responsible Entity is incorporated and domiciled in Australia.

The investment objective of the Fund is to provide capital growth over the longer term through leveraged investment in Australian securities. The Fund's strategy is to buy a leveraged exposure to superior quality stocks identified by Australian Eagle Asset Management's bottom-up research process, funded by short selling lower quality stocks that the research process has historically identified as underperformers.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on 23 September 2019. 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.

(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 are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit and loss and financial liabilities at fair value through profit and loss.

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 twelve months, however, an estimate of that amount cannot be determined as at year end.

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

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

(ii) New and amended standards adopted by the Fund

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

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139.

AASB 9 has been applied retrospectively by the Fund without the use of hindsight and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or prior periods. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial financial assets which are held to collect contractual cash flows that are solely payments of principal and interest continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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

AASB 15 *Revenue from Contracts with Customers* became effective for annual periods beginning on or after 1 January 2018. The adoption of this standard did not have a material impact on the Fund's accounting policies nor the amounts recognised in the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2018 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(b) Financial instruments

(i) Classification

The Fund's investments are classified 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 performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial 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.

- Liabilities:

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

(ii) 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 amortised cost. 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.

(iii) 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 fair value of the financial assets or financial liabilities from this date.

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Measurement

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

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise. Dividend expense on short sales of securities, which have been classified at fair value through profit or loss, are presented as a separate line item in the statement of comprehensive income.

Further details on how the fair value of financial instruments are determined are disclosed in Note 4.

(v) Offsetting financial instruments

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

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 unitholders

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

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

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

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

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the 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 Fund has elected to become an Attribution Managed Investment Trust ('AMIT') from the year commencing 1 July 2016. As an AMIT, all determined trust components of each particular category or character (i.e. relating to assessable income, exempt income, non-assessable non-exempt income and tax offsets) are attributed to members on a fair and reasonable basis in accordance with the Fund's constitution each year so that the Fund itself is not subject to tax. However, for the financial years ended 30 June 2019 and 30 June 2018, the Fund did not meet the "widely held" requirements of a Managed Investment Trust. Consequently, the Fund's units have been classified as liability for both years.

(d) Cash and cash equivalents

Cash comprises deposits held at custodian bank(s). Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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.

2 Summary of significant accounting policies (continued)

(e) Investment income

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

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

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

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

(f) Expenses

All expenses, including management fees, administration fees, performance fees and custody fees, are recognised in the statement of comprehensive income on an accrual basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax as unit holders are presently entitled to the income of the Fund. The benefits of any imputation credits and foreign tax paid are passed on to unit holders.

(h) Distributions and dividends

Distributions are payable as set out in the Fund's offering document. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised.

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

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

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

(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 comprehensive income as finance costs.

(j) Due from/to brokers

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the 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.

2 Summary of significant accounting policies (continued)

(k) Receivables

Receivables may include amounts for interest, dividends and trust distributions. Interest is accrued at each dealing date in accordance with policy set out in Note 2(e) above. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as Reduced Input Tax Credit (RITC) and applications.

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.

The amount of the impairment loss, if any, is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other impairment loss in expenses in the statement of comprehensive income.

(l) Payables

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

Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

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

(m) 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.

(n) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodian services and management fees have been passed onto the Fund. The Fund qualifies for RITC, hence Management fees, Administration and custody fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

(o) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the 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 refer to Note 4 to the financial statements.

(p) Rounding of amounts

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

3 Financial risk management

(a) Overview

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Fund;
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

(b) Market risk

Market risk is the risk that changes in market price factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

The Fund is exposed to equity securities listed or quoted on recognised securities exchanges price risk. This arises from investments held by the Fund for which prices in the future are uncertain. They are classified on the statement of financial position as financial assets 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.

All securities investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

The Fund manages market price risk by establishing limits as to the types and degrees of risk that may be undertaken. Additionally, the Fund monitors the fluctuation in its value and compares these fluctuations to its risk objective.

As at year end, the overall market exposures were as follows:

	Fair value \$'000	% of net asset attributable to unitholders
As at 30 June 2019		
Financial assets		
Listed Equities	14,667	148%
Unit Trusts	472	5%
Financial liabilities		
Listed Equities	4,608	46%
Unit Trusts	537	5%
As at 30 June 2018		
Financial assets		
Listed Equities	10,606	158%
Unit Trusts	426	6%
Financial liabilities		
Listed Equities	3,870	57%
Unit Trusts	380	6%

3 Financial risk management (continued)

(b) Market risk (continued)

(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.

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarises the Fund's exposure to interest rate risk.

As at 30 June 2019	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	-	-	304	304
Dividends and distributions receivable	-	-	65	65
GST receivable	-	-	5	5
Due from brokers - receivable for securities sold	-	-	1,164	1,164
Financial assets at fair value through profit or loss	-	-	15,139	15,139
Total financial assets	-	-	16,677	16,677
Financial liabilities				
Distributions payable	-	-	343	343
Performance fees payable	-	-	108	108
Management fees payable	-	-	13	13
Remuneration to auditors payable	-	-	14	14
Other payables	-	-	26	26
Due to brokers - payable for securities purchased	-	-	1,089	1,089
Financial liabilities at fair value through profit or loss	-	-	5,145	5,145
Total financial liabilities	-	-	6,738	6,738
Net exposure	-	-	9,939	9,939
As at 30 June 2018				
Financial assets				
Cash and cash equivalents	2,156	-	-	2,156
Dividends and distributions receivable	-	-	56	56
GST receivable	-	-	27	27
Due from brokers - receivable for securities sold	-	-	783	783
Other receivables	-	-	149	149
Financial assets at fair value through profit or loss	-	-	11,032	11,032
Total financial assets	2,156	-	12,047	14,203
Financial liabilities				
Distributions payable	-	-	329	329
Performance fees payable	-	-	42	42
Management fees payable	-	-	26	26
Administration and custody fees payable	-	-	111	111
Remuneration to auditors payable	-	-	7	7
Applications received in advance	-	-	2,000	2,000
Other payables	-	-	45	45
Due to brokers - payable for securities purchased	-	-	661	661
Financial liabilities at fair value through profit or loss	-	-	4,250	4,250
Total financial liabilities	-	-	7,471	7,471
Net exposure	2,156	-	4,576	6,732

As at 30 June 2019, should interest rates have increased/decreased by 50 basis points (2018: 50 basis points) with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately \$nil (2018: \$nil).

3 Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

Investment management processes include the consideration of counterparty risk. The Fund trades only with recognised, creditworthy third parties, the Fund provides collateral to Macquarie Bank Limited in exchange for provision of securities lending to the Fund. The Investment Manager controls this risk by ensuring that net collateral supplied to the securities lender remains within agreed prudential limits of the NAV of the long-short portfolio.

The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents.

The table below summarises these assets at 30 June 2019 and 30 June 2018:

As at 30 June 2019

	\$'000	Credit rating	Source of credit rating
Banks and Custodian			
Macquarie Bank Limited	3,585	A-1	Standard & Poor's

As at 30 June 2018

	\$'000	Credit rating	Source of credit rating
Banks and Custodian			
Macquarie Bank Limited	12,763	A-1	Standard & Poor's

The custody balance with Mainstream Fund Services includes cash and cash equivalents and investments in short-term investment equities totalling \$9,062,856 (2018: \$Nil).

As at 30 June 2018, the custody balance with St George Bank Limited includes cash and cash equivalents totalling \$156,191.

(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 and can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the reporting period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 30 June 2019	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
Distributions payable	343	-	-	-	-
Performance fees payable	108	-	-	-	-
Management fees payable	13	-	-	-	-
Remuneration to auditors payable	14	-	-	-	-
Other payables	13	13	-	-	-
Due to brokers - payable for securities purchased	1,089	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	5,145
Net asset attributable to unit holders - liability	-	-	-	-	6,738
Total financial liabilities	1,580	13	-	-	11,883

3 Financial risk management (continued)

(d) Liquidity risk (continued)

As at 30 June 2018	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
Distributions payable	329	-	-	-	-
Performance fees payable	42	-	-	-	-
Management fees payable	26	-	-	-	-
Administration and custody fees payable	111	-	-	-	-
Remuneration to auditors payable	7	-	-	-	-
Applications received in advance	2,000	-	-	-	-
Other payables	45	-	-	-	-
Due to brokers - payable for securities purchased	661	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	4,250
Net asset attributable to unit holders - liability	-	-	-	-	7,471
Total financial liabilities	3,221	-	-	-	11,721

4 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis.

- Financial assets and liabilities at fair value through profit or loss (FVTPL) (see Note 6 and 7)

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

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

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

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

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

The quoted market price used to fair value financial assets and financial liabilities held by the Fund is the last-traded prices.

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)

Recognised fair value measurements

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2019 and 30 June 2018.

As at 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed equities	14,667	-	-	14,667
Listed Unit Trusts	472	-	-	472
Total financial assets at fair value through profit or loss	15,139	-	-	15,139
Financial liabilities at fair value through profit or loss				
Listed equities	4,608	-	-	4,608
Listed Unit Trusts	537	-	-	537
Total financial liabilities at fair value through profit or loss	5,145	-	-	5,145
As at 30 June 2018				
Financial assets at fair value through profit or loss				
Listed equities	10,606	-	-	10,606
Listed Unit Trusts	426	-	-	426
Total financial assets at fair value through profit or loss	11,032	-	-	11,032
Financial liabilities at fair value through profit or loss				
Listed equities	3,870	-	-	3,870
Listed Unit Trusts	380	-	-	380
Total financial liabilities at fair value through profit or loss	4,250	-	-	4,250

(i) Transfers between levels

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

There were no transfers between the levels in the fair value hierarchy for the year ended 30 June 2019.

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

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2019 or the year ended 30 June 2018.

(iii) Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting year.

(iv) Fair values of other financial instruments

Due to their short-term nature, the carrying amounts of cash and cash equivalents, receivables and payables are assumed to approximate fair value.

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

	Year ended	
	30 June 2019 \$'000	30 June 2018 \$'000
Financial assets		
Unrealised gains/(loss) on financial assets at fair value through profit or loss	791	1,281
Realised gains/(loss) on financial assets at fair value through profit or loss	357	-
Total net gains/(losses) on financial assets at fair value through profit or loss	1,148	1,281
Financial liabilities		
Unrealised gains/(loss) on financial liabilities at fair value through profit or loss	138	3
Realised gains/(loss) on financial liabilities at fair value through profit or loss	(35)	-
Total net gains/(losses) on financial liabilities at fair value through profit or loss	103	3
Total net gains/(losses) on financial instruments at fair value through profit or loss	1,251	1,284

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2019 \$'000	30 June 2018 \$'000
Financial assets at fair value through profit or loss		
Listed equities	14,667	10,606
Unit Trusts	472	426
Total financial assets at fair value through profit or loss	15,139	11,032

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

7 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2019 \$'000	30 June 2018 \$'000
Financial liabilities at fair value through profit or loss		
Listed equities	4,608	3,870
Unit Trusts	537	380
Total financial liabilities at fair value through profit or loss	5,145	4,250

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

8 Net assets attributable to unitholders

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. For the financial years ended 30 June 2019 and 30 June 2018, the Fund did not meet the "widely held" requirements of a Managed Investment Trust. Consequently, the Fund's units have been classified as liability for both years.

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

	Year ended			
	30 June 2019 No. '000	30 June 2018 No. '000	30 June 2019 \$'000	30 June 2018 \$'000
Opening balance	4,616	3,615	6,732	4,063
Applications	4,581	3,463	6,242	2,394
Reinvestments	191	-	279	-
Redemptions	(3,567)	(2,462)	(4,306)	(630)
Increase/(decrease) in net assets attributable to unit holders	-	-	992	905
Closing balance	5,821	4,616	9,939	6,732

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 to 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.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. 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.

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.

9 Distributions to unitholders

Distributions are payable at the end of each financial year. Such distributions are determined by reference to the net taxable income of the Fund.

The distributions for the year were as follows:

	Year ended		Year ended	
	30 June 2019 \$'000	30 June 2019 CPU*	30 June 2018 \$'000	30 June 2018 CPU*
Distributions payable	343	5.73	329	7.23
Total distributions	343	5.73	329	7.23

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

10 Cash and cash equivalents

	As at	
	30 June 2019 \$'000	30 June 2018 \$'000
Cash at bank	304	2,156
Total cash and cash equivalents	304	2,156

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

	Year ended	
	30 June 2019 \$'000	30 June 2018 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	-
(Increase)/decrease in net assets attributable to unit holders	992	905
Distributions to unit holders	343	329
Proceeds from sale of financial instruments at fair value through profit or loss	(187)	13,948
Purchase of financial instruments at fair value through profit or loss	(1,727)	(15,602)
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,251)	(414)
Amount received from/(paid to) brokers for margins	-	(870)
Net change in receivables	162	(102)
Net change in payables	(70)	53
Net cash inflow/(outflow) from operating activities	(1,738)	(1,753)

(b) Non-cash financing activities

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

	279	-
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As described in Note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

12 Auditor's remuneration

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

	Year ended 30 June 2019 \$		Year ended 30 June 2018 \$
Ernst & Young			
Audit and other assurance services			
Audit of financial statements		8,000	
Total remuneration for audit and other assurance services		<u>8,000</u>	
Total remuneration of Ernst & Young		<u>8,000</u>	
PricewaterhouseCoopers			
Compliance services			
Audit of compliance plan		2,475	
Total remuneration for compliance services		<u>2,475</u>	
Total remuneration of PricewaterhouseCoopers		<u>2,475</u>	
W F White & CO			
Audit and other assurance services			
Audit of financial statements		5,500	
Total remuneration for audit and other assurance services		<u>5,500</u>	
Total remuneration of W F White & CO		<u>5,500</u>	

13 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

Responsible Entity

The Responsible Entity of Australian Eagle Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831). The Investment Manager of the Fund is Australian Eagle Asset Management Pty Limited.

(a) Directors

Key management personnel includes persons who were Directors of the Responsible Entity at any time during the financial year as follows:

The Directors of Alleron Investment Management Pty Ltd held office during the period from 1 July 2018 to 21 March 2019, were:

Name	Date of appointment/resignation
Albert Hung	(Appointed 28 April 2016, resigned 21 March 2019)
Barry Littler	(Appointed 28 April 2016, resigned 21 March 2019)
Sean Sequeira	(Appointed 28 April 2016, resigned 21 March 2019)

The Directors of The Trust Company (RE Services) Limited from 22 March 2019 and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

Name	Date of appointment/resignation
Glenn Foster	
Michael Vainauskas	
Richard McCarthy	
Andrew McIver	Appointed as Alternate Director for Glenn Foster on 2 September 2019 Resigned as an Alternate Director for Michael Vainauskas on 2 September 2019
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio

(b) Other key management personnel

There were no other persons responsible for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Key management personnel unit holdings

During or since the end of the year, the below Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

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

	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Unitholder							
As at 30 June 2019							
Alleron Investment Management Pty Ltd*	1,819,371	1,419,619	2,444,868	23.74%	89,162	488,914	81,413
Sean Sequeira	100	105	181	0.00%	5	-	6
Semelex Pty Ltd (Komodo Lion Trust)	100,000	97,703	168,265	1.63%	396	2,693	5,603

* Alleron Investment Management Pty Ltd is controlled by key management personnel Albert Hung, Barry Littler and Sean Sequeira.

13 Related party transactions (continued)

Key management personnel unit holdings (continued)

	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Unitholder							
As at 30 June 2018							
Alleron Investment Management Pty Ltd*	2,035,027	1,819,371	2,825,905	40.02%	654,789	870,445	131,559
Sean Sequeira	100	100	156	0.00%	-	-	7
Semelex Pty Ltd (Komodo Lion Trust)	100,000	100,000	149,280	2.12%	-	-	6,950

* Alleron Investment Management Pty Ltd is controlled by key management personnel Albert Hung, Barry Littler and Sean Sequeira.

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related entity of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund do not include any amounts directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Fund 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 year.

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 since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

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

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a fee of up to 3% (exclusive of GST) per annum of the gross asset value of the Fund. The Investment Manager is entitled to receive a management and performance fee at the rates stipulated in the Fund's governing documents.

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

	30 June 2019 \$	30 June 2018 \$
Management fees for the year	118,113	76,656
Performance fees for the year	91,415	171,969
Aggregate amounts at reporting date	120,854	67,962

Related party unitholdings

Parties related to the Fund (including the The Trust Company (RE Services) Limited, its related parties and other schemes managed by The Trust Company (RE Services) Limited, hold no units in the Fund.

Investments

The Fund did not hold any investments in The Trust Company (RE Services) Limited or of its affiliates during the year.

14 Significant events during the year

The administrator of the Fund changed from Apex Fund Services Ltd to Mainstream Fund Services Pty Ltd on 22 March 2019.

The custodian of the Fund changed from Australian Executor Trustees Limited to Mainstream Fund Services Pty Ltd on 22 March 2019.

The Trust Company (RE Services) Limited was appointed Responsible Entity on 22 March 2019 following the retirement of Alleron Investment Management Pty Ltd who acted as the Trustee from 28 April 2016 until 21 March 2019. The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT).

15 Events occurring after the reporting period

On 2 September 2019, Andrew McIver resigned as the Alternate Director for Michael Vainauskas and appointed as the Alternate Director for Glenn Foster.

The Directors are not aware of any other event or circumstance since the end of the financial year not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

16 Contingent assets and liabilities and commitments


There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 and 30 June 2018.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 26 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 2019 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; and
- (c) 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 of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
23 September 2019



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Independent Auditor's Report to the Unitholders of Australian Eagle Trust

Opinion

We have audited the financial report of Australian Eagle Trust (the Fund), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its financial 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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



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Responsibilities of the 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 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 are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Responsible Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

Rohit Khanna

Rohit Khanna
Partner
Sydney
23 September 2019