

Morningstar Investment Funds - Series 2

Annual report

For the year ended 30 June 2018

Morningstar Investment Funds - Series 2

Annual report - For the year ended 30 June 2018

Ibbotson International Shares Active (Hedged) Trust

ARSN 092 226 876

Ibbotson International Shares Active (Unhedged) Trust

ARSN 092 225 486

Ibbotson Supplementary Opportunities Trust

ARSN 129 136 410

Morningstar Australian Shares Fund

ARSN 092 226 563

Morningstar Australian Shares High Alpha Fund

ARSN 117 331 692

Morningstar International Shares (Hedged) Fund

ARSN 092 227 435

Morningstar International Shares (Unhedged) Fund

ARSN 092 229 199

Morningstar International Shares High Opportunities (Unhedged) Fund

ARSN 110 632 481

Morningstar Investment Funds - Series 2

Annual report - For the year ended 30 June 2018

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Directors' report

The directors of Morningstar Investment Management Australia Limited (ABN 54 071 808 501), the Responsible Entity of Morningstar Investment Funds – Series 2, present their report together with the financial report of Ibbotson International Shares Active (Hedged) Trust, Ibbotson International Shares Active (Unhedged) Trust, Ibbotson Supplementary Opportunities Trust, Morningstar Australian Shares Fund, Morningstar Australian Shares High Alpha Fund, Morningstar International Shares (Hedged) Fund, Morningstar International Shares (Unhedged) Fund and Morningstar International Shares High Opportunities (Unhedged) Fund (collectively “the Schemes”), for the year ended 30 June 2018.

Principal activities

The Schemes are registered managed investment schemes domiciled in Australia.

During the year, the Schemes continue to invest funds in accordance with their investment return objectives and investment strategies as set out in the current product disclosure statements and in accordance with the provisions of the Schemes' Constitutions.

The Schemes did not have any employees during the year (2017: Nil).

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

Directors

The following persons held office as directors of the Responsible Entity from the beginning of the financial year up to the date of this report unless noted otherwise:

Daniel Edward Needham (director)

Christopher Galloway (director)

Heather Brilliant (director) (resigned 1 September 2017)

James Wickham (director) (appointed 23 August 2017)

Scott Schilling (director)

Fiona White (company secretary)

Directors' report (continued)

Review of results and operations

The investment policy of the Schemes continues to be that detailed in the current product disclosure statements and in accordance with the provisions of the governing documents of the Schemes.

Results

The performance of the Schemes, as represented by the results of their operations, were as follows:

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Net operating profit/(loss)	<u>1,977</u>	<u>2,076</u>	<u>7,160</u>	<u>26,937</u>	<u>24,961</u>	<u>26,598</u>	<u>19,602</u>	<u>28,700</u>
Distributions - Class A								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,682</u>	<u>2,215</u>
Distribution (cents per unit)	<u>-</u>	<u>0.8345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.6581</u>	<u>4.3313</u>
Distributions - Class B								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,146</u>	<u>8,516</u>	<u>2,545</u>	<u>1,290</u>
Distribution (cents per unit)	<u>-</u>	<u>0.8124</u>	<u>-</u>	<u>-</u>	<u>10.0987</u>	<u>4.7612</u>	<u>3.6820</u>	<u>4.3450</u>
Distributions - Class Z								
Distribution paid and payable	<u>2,981</u>	<u>635</u>	<u>20,849</u>	<u>6,530</u>	<u>-</u>	<u>-</u>	<u>4,967</u>	<u>7,273</u>
Distribution (cents per unit)	<u>25.2076</u>	<u>7.5470</u>	<u>10.5347</u>	<u>2.9041</u>	<u>-</u>	<u>-</u>	<u>4.0191</u>	<u>4.6653</u>

Directors' report (continued)

Review of results and operations (continued)

Results (continued)

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net operating profit/(loss)	<u>38,083</u>	<u>50,091</u>	<u>44,124</u>	<u>34,944</u>	<u>155,336</u>	<u>61,143</u>	<u>36,892</u>	<u>49,183</u>
Distributions - Class A								
Distribution paid and payable	<u>-</u>	<u>4</u>	<u>40</u>	<u>32</u>	<u>499</u>	<u>196</u>	<u>34</u>	<u>22</u>
Distribution (cents per unit)	<u>-</u>	<u>12.4269</u>	<u>1.3398</u>	<u>3.3011</u>	<u>7.8890</u>	<u>2.2403</u>	<u>1.7418</u>	<u>1.0286</u>
Distributions - Class B								
Distribution paid and payable	<u>20,857</u>	<u>32,534</u>	<u>2,388</u>	<u>4,370</u>	<u>6,633</u>	<u>1,183</u>	<u>432</u>	<u>490</u>
Distribution (cents per unit)	<u>12.2156</u>	<u>16.3378</u>	<u>1.3997</u>	<u>3.3778</u>	<u>7.7945</u>	<u>2.2609</u>	<u>1.6665</u>	<u>1.1426</u>
Distributions - Class Z								
Distribution paid and payable	<u>7,927</u>	<u>15,890</u>	<u>12,114</u>	<u>18,439</u>	<u>91,973</u>	<u>21,160</u>	<u>3,738</u>	<u>3,805</u>
Distribution (cents per unit)	<u>13.2502</u>	<u>17.3958</u>	<u>1.5608</u>	<u>3.6105</u>	<u>8.1879</u>	<u>2.5502</u>	<u>3.3223</u>	<u>2.5623</u>

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

Ibbotson International Shares Active (Hedged) Trust has been renamed to Morningstar Global Shares Fund with effect from 13 July 2018. Other than this, no matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

Directors' report (continued)

Likely developments and expected results of operations

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

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

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

Indemnification and insurance of officers or auditors

During the financial year, the Responsible Entity paid premiums in respect of contracts insuring the directors, secretary, and all executive officers of the Responsible Entity against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contracts of insurance prohibit disclosure of the amount of the premium.

During or since the end of the financial year, the Responsible Entity has not indemnified an officer or auditor of the Schemes or of any related body corporate against a liability incurred as an officer or auditor. In addition, the Responsible Entity neither paid, nor agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

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

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

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

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

Interests in the Schemes

The movement in units on issue in the Schemes during the year is disclosed in Note 5 to the financial statements.

The value of the Schemes' assets and liabilities are 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 Schemes are not subject to any particular or significant environmental regulations under a law of the Commonwealth, State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Schemes.

Rounding

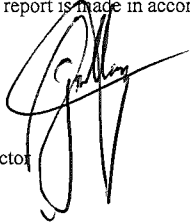
The Schemes are entities of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the financial statements have been rounded in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

Directors' report (continued)

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 6.

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



Director

Sydney

25 September 2018

Auditor's Independence Declaration to the Directors of Morningstar Investment Management Australia Limited, as Responsible Entity for Morningstar Investment Funds - Series 2

For the following Morningstar Investment Funds - Series 2 (the "Schemes"):

- ▶ Ibbotson International Shares Active (Hedged) Trust;
- ▶ Ibbotson International Shares Active (Unhedged) Trust;
- ▶ Ibbotson Supplementary Opportunities Trust;
- ▶ Morningstar Australian Shares Fund;
- ▶ Morningstar Australian Shares High Alpha Fund;
- ▶ Morningstar International Shares (Hedged) Fund;
- ▶ Morningstar International Shares (Unhedged) Fund; and
- ▶ Morningstar International Shares High Opportunities (Unhedged) Fund.

As lead auditor for the audits of the above Schemes for the financial year ended 30 June 2018, 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



Mark Jones
Partner
25 September 2018

Morningstar Investment Funds - Series 2
Statements of comprehensive income
For the year ended 30 June 2018

	Note	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income		-	-	1	-	1	-	2	2
Dividend income		356	239	5,118	3,850	1,309	2,200	9,853	10,956
Trust distributions		-	-	5,986	158	10,356	3,082	41	-
Change in fair value of financial instruments held at fair value through profit or loss	4	1,659	1,841	(3,642)	23,059	14,761	22,167	10,488	18,468
Other investment income		1	-	397	139	626	775	151	57
Total investment income/(loss)		2,016	2,080	7,860	27,206	27,053	28,224	20,535	29,483
Expenses									
Management fees		-	-	-	-	1,699	1,283	478	345
Transaction costs		14	3	156	198	35	56	120	153
Other operating expenses		25	1	544	71	358	287	335	284
Total operating expenses		39	4	700	269	2,092	1,626	933	782
Operating profit/(loss)		1,977	2,076	7,160	26,937	24,961	26,598	19,602	28,701
Financing costs attributable to unitholders									
Distributions to unitholders	10	(2,981)	(635)	(20,849)	(6,530)	(21,146)	(8,516)	(9,194)	(10,778)
Profit/(loss) for the year		(1,004)	1,441	(13,689)	20,407	3,815	18,082	10,408	17,923
Other comprehensive income/(loss) for the year		-	-	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	5	(1,004)	1,441	(13,689)	20,407	3,815	18,082	10,408	17,923

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

Morningstar Investment Funds - Series 2
Statements of comprehensive income
For the year ended 30 June 2018

	Note	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Investment Income									
Interest income		3	2	1	-	-	-	6	-
Dividend income		6,536	6,367	-	-	24,183	15,626	4,957	5,734
Trust distributions		443	5,753	37,881	8,865	19	24	56	69
Change in fair value of financial instruments held at fair value through profit or loss	4	34,877	43,915	6,527	26,277	134,725	46,846	32,506	44,515
Other investment income		80	114	-	-	249	647	69	552
Total net investment income/(loss)		41,939	56,151	44,409	35,142	159,176	63,143	37,594	50,870
Expenses									
Management fees		1,597	1,847	284	198	297	168	476	594
Transaction costs		329	277	-	-	426	477	167	201
Other operating expenses		1,930	3,936	1	-	3,117	1,355	59	892
Total operating expenses		3,856	6,060	285	198	3,840	2,000	702	1,687
Operating profit/(loss)		38,083	50,091	44,124	34,944	155,336	61,143	36,892	49,183
Finance costs attributable to unitholders									
Distributions to unitholders	10	(28,784)	(48,428)	(14,542)	(22,841)	(99,105)	(22,539)	(4,204)	(4,317)
Profit/(loss) for the year		9,299	1,663	29,582	12,103	56,231	38,604	32,688	44,866
Other comprehensive income/(loss) for the year		-	-	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	5	9,299	1,663	29,582	12,103	56,231	38,604	32,688	44,866

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

Morningstar Investment Funds - Series 2
Statements of financial position
30 June 2018

	Note	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Assets									
Cash and cash equivalents	12(b)	68	317	4,124	1,625	2,648	6,602	531	6,451
Deposits held with brokers for margin		-	-	23	-	-	-	100	509
Due from brokers - receivable for securities sold		-	-	-	-	-	-	-	-
Receivables	3	56	19	981	685	531	489	323	271
Financial assets held at fair value through profit or loss	6	<u>19,337</u>	<u>12,789</u>	<u>164,698</u>	<u>191,105</u>	<u>274,117</u>	<u>235,785</u>	<u>291,103</u>	<u>223,960</u>
Total assets		<u>19,461</u>	<u>13,125</u>	<u>169,826</u>	<u>193,415</u>	<u>277,296</u>	<u>242,876</u>	<u>292,057</u>	<u>231,191</u>
Liabilities									
Distribution payable	10	-	-	-	-	-	-	731	2
Due to brokers - payable for securities purchased		-	-	319	337	-	129	193	4,775
Payables	9	7	-	100	12	312	250	196	108
Financial liabilities held at fair value through profit or loss	7	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>7</u>	<u>-</u>	<u>2,266</u>	<u>519</u>	<u>312</u>	<u>379</u>	<u>1,120</u>	<u>4,902</u>
Net assets attributable to unitholders - liability	5	<u>19,454</u>	<u>13,125</u>	<u>167,560</u>	<u>192,896</u>	<u>276,984</u>	<u>242,497</u>	<u>290,937</u>	<u>226,289</u>

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

Morningstar Investment Funds - Series 2
Statements of financial position
30 June 2018

	Note	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Assets									
Cash and cash equivalents	12(b)	7,615	3,076	3,062	3,128	8,522	7,789	11,509	10,396
Deposits held with brokers for margin		651	165	-	-	1,891	70	-	-
Due from brokers - receivable for securities sold		1,434	249	-	-	-	-	114	506
Receivables	3	1,408	5,066	6	5	2,721	1,969	738	860
Financial assets held at fair value through profit or loss	6	<u>276,242</u>	<u>291,119</u>	<u>478,210</u>	<u>410,651</u>	<u>1,226,227</u>	<u>1,034,832</u>	<u>241,193</u>	<u>284,769</u>
Total assets		<u>287,350</u>	<u>299,675</u>	<u>481,278</u>	<u>413,784</u>	<u>1,239,361</u>	<u>1,044,660</u>	<u>253,554</u>	<u>296,531</u>
Liabilities									
Distribution payable	10	-	-	3,292	535	1,914	211	21	7
Due to brokers - payable for securities purchased		1,055	456	-	-	2,458	-	16	815
Payables	9	4,431	5,609	28	18	752	411	202	1,034
Financial liabilities held at fair value through profit or loss	7	<u>-</u>	<u>4</u>	<u>10,978</u>	<u>7,110</u>	<u>265</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>5,486</u>	<u>6,069</u>	<u>14,298</u>	<u>7,663</u>	<u>5,389</u>	<u>622</u>	<u>239</u>	<u>1,858</u>
Net assets attributable to unitholders - liability	5	<u>281,864</u>	<u>293,606</u>	<u>466,980</u>	<u>406,121</u>	<u>1,233,972</u>	<u>1,044,038</u>	<u>253,315</u>	<u>294,673</u>

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

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

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

Morningstar Investment Funds - Series 2
Statements of cash flows
For the year ended 30 June 2018

	Note	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<i>Cash flows from operating activities</i>									
Transaction costs of financial instruments held at fair value through profit or loss		(14)	(3)	(156)	(198)	(35)	(56)	(120)	(153)
Dividends received		320	220	4,946	2,359	1,331	2,069	9,845	10,486
Trust distributions received		-	-	5,986	158	10,356	76	-	-
Interest received		-	-	1	-	1	-	2	2
Other income received		1	-	271	23	569	521	151	57
RITC received/(paid)		-	-	(1)	(1)	8	(5)	(3)	10
Management fees paid		-	-	-	-	(1,685)	(1,246)	(465)	(362)
Other expenses paid		(18)	(1)	(456)	(59)	(310)	(228)	(260)	(287)
<i>Net cash inflow/(outflow) from operating activities</i>	12(a)	289	216	10,591	2,282	10,235	1,131	9,150	9,753
<i>Cash flows from investing activities</i>									
Proceeds from sale of financial instruments held at fair value through profit or loss		11,165	2,776	116,856	298,908	52,899	370,202	93,626	250,124
Purchase of financial instruments held at fair value through profit or loss		(16,080)	(3,750)	(92,425)	(465,718)	(76,634)	(407,882)	(154,471)	(150,841)
<i>Net cash inflow/(outflow) from investing activities</i>		(4,915)	(974)	24,431	(166,810)	(23,735)	(37,680)	(60,845)	99,283
<i>Cash flows from financing activities</i>									
Proceeds from applications by unitholders		10,370	7,050	11,920	201,330	20,039	40,022	66,000	87,623
Payments for redemptions by unitholders		(6,018)	(6,451)	(44,416)	(35,400)	(10,513)	-	(19,091)	(188,412)
Distributions paid		-	-	-	-	-	-	(1,134)	(2,454)
<i>Net cash inflow/(outflow) from financing activities</i>		4,352	599	(32,496)	165,930	9,526	40,022	45,775	(103,243)
<i>Net increase/(decrease) in cash and cash equivalents</i>		(274)	(159)	2,526	1,402	(3,974)	3,473	(5,920)	5,793
Cash and cash equivalents at the beginning of the year		317	476	1,625	29	6,602	3,345	6,451	624
Effects of foreign currency exchange rate changes on cash and cash equivalents		25	-	(27)	194	20	(216)	-	34
<i>Cash and cash equivalents at the end of the year</i>	12(b)	68	317	4,124	1,625	2,648	6,602	531	6,451

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

Morningstar Investment Funds - Series 2
Statements of cash flows
For the year ended 30 June 2018

	Note	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities									
Transaction costs of financial instruments held at fair value through profit or loss		(329)	(277)	-	-	(426)	(477)	(167)	(201)
Dividends received		4,337	4,051	-	-	23,511	13,311	4,766	5,173
Trust distributions received		196	1,223	37,881	612	18	20	60	65
Interest received		3	2	1	-	-	(1)	5	-
Other income received		80	114	-	-	249	652	69	552
RITC received/(paid)		(22)	25	(1)	-	(9)	7	4	5
Management fees paid		(1,614)	(1,846)	(274)	(195)	(282)	(168)	(493)	(589)
Other expenses paid		(3,091)	(1,711)	(1)	-	(2,791)	(1,136)	(874)	(1,129)
Net cash inflow/(outflow) from operating activities	12(a)	(440)	1,581	37,606	417	20,270	12,208	3,370	3,876
Cash flows from investing activities									
Proceeds from sale of financial instruments held at fair value through profit or loss		275,231	238,421	60,592	307,036	389,161	253,775	141,123	187,220
Purchase of financial instruments held at fair value through profit or loss		(220,427)	(100,153)	(117,762)	(452,093)	(445,271)	(721,897)	(65,457)	(111,070)
Net cash inflow/(outflow) from investing activities		54,804	138,268	(57,170)	(145,057)	(56,110)	(468,122)	75,666	76,150
Cash flows from financing activities									
Proceeds from applications by unitholders		1,437	950	76,433	182,017	164,814	556,053	20,655	80,282
Payments for redemptions by unitholders		(51,262)	(148,190)	(55,376)	(26,631)	(127,945)	(98,592)	(98,878)	(160,526)
Distributions paid		-	(3)	(1,565)	(7,616)	(568)	(750)	(13)	(244)
Net cash inflow/(outflow) from financing activities		(49,825)	(147,243)	19,492	147,770	36,301	456,711	(78,236)	(80,488)
Net increase/(decrease) in cash and cash equivalents									
Cash and cash equivalents at the beginning of the year		3,076	10,486	3,128	(2)	7,789	7,424	10,396	10,959
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	(16)	6	-	272	(432)	313	(101)
Cash and cash equivalents at the end of the year	12(b)	7,615	3,076	3,062	3,128	8,522	7,789	11,509	10,396

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

1 General information

These financial statements cover Ibbotson International Shares Active (Hedged) Trust, Ibbotson International Shares Active (Unhedged) Trust, Ibbotson Supplementary Opportunities Trust, Morningstar Australian Shares Fund, Morningstar Australian Shares High Alpha Fund, Morningstar International Shares (Hedged) Fund, Morningstar International Shares (Unhedged) Fund and Morningstar International Shares High Opportunities (Unhedged) Fund (collectively the “Schemes”) as individual entities. The Schemes were constituted on 27 March 2000, 27 March 2000, 3 January 2008, 27 March 2000, 23 November 2005, 27 March 2000, 27 March 2000 and 18 August 2004 respectively and were incorporated in Australia

The Responsible Entity of the Schemes is Morningstar Investment Management Australia Limited (“the Responsible Entity”). The registered office of the Responsible Entity is Level 3, International Tower 1, 100 Barangaroo Avenue, Barangaroo, Sydney NSW 2000.

On 5 May 2016, the Attribution Managed Investment Trust (“AMIT”) regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity has amended the Scheme’s Constitution to allow the Scheme to operate as an AMIT. As of 30 June 2018, the Scheme met the other conditions to adopt the AMIT tax regime and continue to classify the units as financial liability.

The financial statements were authorised for issue by the directors on 25 September 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial statements have been prepared on a historical cost basis, except for investments in financial assets and financial liabilities which have been measured at fair value.

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 financial assets and liabilities at fair value through profit or loss. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Schemes under ASIC Corporations Instrument 2016/191.

Statement of Compliance

The financial statements have been prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards as issued by the Australian Accounting Standards Board and International Accounting Standards Board.

The Schemes are for-profit entity for the purposes of preparing Financial Statements.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Fund. Management's assessment of the impact of these new standards (to the extent relevant to the Schemes) and interpretations is set out below:

(i) *AASB 9 Financial Instruments (effective 1 January 2018 and will therefore apply to schemes from 1 July 2018)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Fund’s financial instruments as they are carried at fair value through profit or loss.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the fund.

(ii) *AASB 15 Revenue from Contracts with Customers (effective 1 January 2018 and will therefore apply to schemes from 1 July 2018)*

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main source of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that would be expected to have a material impact on the Fund.

(c) Financial instruments

(i) *Classification*

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

- Financial instruments held for trading

These include derivative financial instruments such as futures, forward contracts, options and interest rate swaps. All derivatives in a net receivable or payable position are shown on a gross basis and reported as either derivative financial assets or derivative financial liabilities. The Schemes do not designate any derivatives as hedges in a hedging relationship, with any gains or losses arising from a change in fair value taken directly to net profit or loss for the year.

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

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted unit trusts, unlisted equity instruments, fixed interest securities, money market securities and commercial paper.

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

(ii) *Recognition / derecognition*

The Schemes recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise 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 has expired or the Schemes have transferred substantially all risks and rewards of ownership.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Measurement

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

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

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

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

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

Where other pricing models are used, inputs are based on market data at the reporting date. Fair values for unquoted equity investments are estimated, where possible, using applicable pricing/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issue.

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

Investments in other unlisted investment funds are recorded at the redemption value per unit as reported by the managers of such funds.

Held for trading

All investments are initially recognised at fair value, being fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets and liabilities held for trading are revalued to fair value at each reporting date.

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the reporting date.

For investments with no active market such as unlisted equity securities, fair values are determined using discounted cash flow models, or other appropriate valuation methodologies. These models use inputs that include growth forecasts, dividend ratios, capital expenditure and terminal values. Additionally where limited data exists for certain assets, prices are interpolated using historical and long-term pricing relationships.

The fair value of units in managed investments schemes is determined by reference to published bid prices at the close of business on the reporting date, being the redemption price as established by the underlying Schemes' Responsible Entity.

Gains or losses on investments held for trading are recognised in the statement of comprehensive income. Investments of the Schemes which are considered to be held for trading are equity securities, units in managed investment schemes, derivatives and some interest bearing securities which have been acquired principally for the purpose of selling in the near term.

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Designated at fair value through profit or loss

All investments are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets designated as at fair value through profit or loss are revalued to fair value at each reporting date.

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the reporting date.

Gains or losses on investments designated at fair value through profit or loss are recognised in the statement of comprehensive income. Investments of the Schemes that have been designated at fair value through profit or loss include certain interest bearing securities that are not held for trading but for which there is no positive intention to hold to maturity.

These investments have been designated at fair value through profit or loss as doing so results in more relevant information. These investments are part of the full group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with the risk management and investment strategies of the Schemes. Further details on how the fair values of financial instruments are determined are disclosed in Note 14.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities due to mandatory distributions. The units can be redeemed from the Schemes at any time for cash equal to a proportionate share of the Schemes' net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholders exercised their right to redeem units from the Schemes.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of financial position, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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, and bank overdrafts.

(f) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

2 Summary of significant accounting policies (continued)

(g) Investment income

Interest income and expenses are recognised in the statement of comprehensive income for all debt instruments using the effective interest method.

Interest income is recognised in the statement of comprehensive income as it accrues, using the original effective interest rate of the instrument calculated at acquisition or origination date. Interest income includes the amortisation of any discount or premium or other differences between initial carrying amount of an interest-bearing instrument and its amount calculated on an effective interest rate basis.

Dividend income is recognised on when the Schemes' right to receive the payment is established. Dividend revenue is presented net of withholding tax in the statement of comprehensive income.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlement basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(h) Expenses

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

(i) Income tax

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

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

Realised capital losses are not distributed to unitholders but are retained in the Schemes 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.

The Schemes currently incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statement of comprehensive income.

(j) Distributions

In accordance with the Schemes' Constitutions, the Schemes distribute their distributable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(k) Increase/decrease in net asset attributable to unitholders

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in fair value of financial instruments held at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

2 Summary of significant accounting policies (continued)

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the Schemes' 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 Schemes compete for funds and is regulated. The Australian dollar is also the Schemes' presentation currency.

(ii) Transactions and balances

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

(m) Due to/from brokers

Unsettled sales/purchases of investments represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the reporting date.

(n) Receivables

Receivables may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

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

(o) Payables

Payables include liabilities, accrued expenses and redemptions monies owing by the Schemes which are unpaid as at the end of the reporting period.

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

(p) Applications and redemptions

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

(q) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Schemes by third parties such as investment management fees have been passed onto the Schemes. The Schemes qualify for RITC at a rate of at least 55%; hence investment management fees, custodial 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). 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.

2 Summary of significant accounting policies (continued)

(r) Classes of units

Members who purchased units in Morningstar Investment Funds - Series 2 invest in one or more of the following classes of units:

- Class A;
- Class B; and
- Class Z

All classes of units in Morningstar Investment Funds - Series 2 are exposed to the same underlying pool of assets.

(s) Use of estimates

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

For the majority of the financial instruments held, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back testing to actual transactions to ensure that outputs are reliable.

To the extent practicable, models use observable data. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

(t) Unit prices

Unit prices are determined in accordance with the Schemes' Constitutions and are calculated as the net assets attributable to unitholders of the Schemes, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

(u) Comparatives

Where necessary, comparative figures have been reclassified to conform to any changes in presentation made in this financial report.

3 Receivables

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Dividends receivable	28	10	598	535	29	29	265	257
Unit trust distributions receivable	-	-	-	-	-	-	41	-
Interest receivable	-	-	-	-	-	-	-	-
Withholding tax reclaims receivable	28	9	139	33	26	33	3	3
RITC receivable	-	-	2	1	35	27	14	11
Other receivable	-	-	242	116	441	400	-	-
Total receivables	56	19	981	685	531	489	323	271

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Dividends receivable	1,062	396	-	-	1,640	1,460	319	399
Unit trust distributions receivable	266	4,627	-	-	10	9	-	4
Interest receivable	-	-	-	-	1	1	14	13
Withholding tax reclaims receivable	15	-	-	-	1,053	491	395	430
RITC receivable	65	43	6	5	17	8	10	14
Other receivable	-	-	-	-	-	-	-	-
Total receivables	1,408	5,066	6	5	2,721	1,969	738	860

4 Change in fair value of financial instruments held at fair value through profit or loss

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial instruments								
Net gain/(loss) on financial instruments held for trading	9	(18)	(4,038)	(1,814)	(55)	113	34	237
Net gain/(loss) on financial instruments designated at fair value through profit or loss	<u>1,650</u>	<u>1,859</u>	<u>396</u>	<u>24,873</u>	<u>14,816</u>	<u>22,054</u>	<u>10,454</u>	<u>18,231</u>
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>1,659</u>	<u>1,841</u>	<u>(3,642)</u>	<u>23,059</u>	<u>14,761</u>	<u>22,167</u>	<u>10,488</u>	<u>18,468</u>
Net realised gain/(loss) on financial instruments designated at fair value through profit or loss and held for trading	2,278	367	8,728	3,540	10,245	3,379	1,600	26,904
Net unrealised gain/(loss) on financial instruments designated at fair value through profit or loss and held for trading	<u>(619)</u>	<u>1,474</u>	<u>(12,370)</u>	<u>19,519</u>	<u>4,516</u>	<u>18,788</u>	<u>8,888</u>	<u>(8,436)</u>
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>1,659</u>	<u>1,841</u>	<u>(3,642)</u>	<u>23,059</u>	<u>14,761</u>	<u>22,167</u>	<u>10,488</u>	<u>18,468</u>
	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial instruments								
Net gain/(loss) on financial instruments held for trading	390	642	(15,372)	10,999	309	594	254	2,267
Net gain/(loss) on financial instruments designated at fair value through profit or loss	<u>34,487</u>	<u>43,273</u>	<u>21,899</u>	<u>15,278</u>	<u>134,416</u>	<u>46,252</u>	<u>32,252</u>	<u>42,248</u>
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>34,877</u>	<u>43,915</u>	<u>6,527</u>	<u>26,277</u>	<u>134,725</u>	<u>46,846</u>	<u>32,506</u>	<u>44,515</u>
Net realised gain/(loss) on financial instruments designated at fair value through profit or loss and held for trading	32,666	32,666	3,985	13,648	70,182	17,052	33,063	33,506
Net unrealised gain/(loss) on financial instruments designated at fair value through profit or loss and held for trading	<u>2,211</u>	<u>11,249</u>	<u>2,542</u>	<u>12,629</u>	<u>64,543</u>	<u>29,794</u>	<u>(557)</u>	<u>11,009</u>
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>34,877</u>	<u>43,915</u>	<u>6,527</u>	<u>26,277</u>	<u>134,725</u>	<u>46,846</u>	<u>32,506</u>	<u>44,515</u>

5 Net assets attributable to unitholders

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

	Ibbotson International Shares Active (Hedged) Trust											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	-	-	-	-	-	-	-	-	9,095	13,125	8,234	10,450
Applications	-	-	-	-	-	-	-	-	6,974	10,370	4,786	7,050
Redemptions	-	-	-	-	-	-	-	-	(4,244)	(6,018)	(4,374)	(6,451)
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-	2,126	2,981	449	635
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	-	-	-	(1,004)	-	1,441
Closing balance	-	-	-	-	-	-	-	-	13,951	19,454	9,095	13,125

	Ibbotson International Shares Active (Unhedged) Trust											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	-	-	-	10	-	-	-	10	209,685	192,896	-	10
Applications	-	-	-	-	-	-	-	-	12,793	11,920	241,293	201,330
Redemptions	-	-	-	(1)	-	-	-	-	(47,193)	(44,416)	(38,694)	(35,400)
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-	23,272	20,849	7,086	6,530
Increase/(decrease) in net assets attributable to unitholders	-	-	-	(9)	-	-	-	(10)	-	(13,689)	-	20,426
Closing balance	-	-	-	-	-	-	-	-	198,557	167,560	209,685	192,896

5 Net assets attributable to unitholders (continued)

	Ibbotson Supplementary Opportunities Trust											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	-	-	-	-	198,039	242,497	158,042	175,877	-	-	-	-
Applications	-	-	-	-	15,845	20,039	32,929	40,022	-	-	-	-
Redemptions	-	-	-	-	(7,780)	(10,513)	-	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	16,852	21,146	7,068	8,516	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	3,815	-	18,082	-	-	-	-
Closing balance	-	-	-	-	222,956	276,984	198,039	242,497	-	-	-	-

	Morningstar Australian Shares Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	49,112	52,371	51,964	51,538	50,498	53,574	32,558	32,130	115,292	120,344	223,190	216,693
Applications	2,585	2,805	4,031	4,250	18,809	19,646	24,455	25,980	39,768	43,549	56,653	57,393
Redemptions	(8,001)	(8,751)	(7,172)	(7,554)	(1,870)	(2,048)	(7,691)	(7,991)	(7,742)	(8,292)	(171,631)	(172,881)
Units issued upon reinvestment of distributions	189	204	289	304	2,360	2,545	1,176	1,231	4,316	4,582	7,080	7,273
Increase/(decrease) in net assets attributable to unitholders	-	2,158	-	3,833	-	3,454	-	2,224	-	4,796	-	11,866
Closing balance	43,885	48,787	49,112	52,371	69,797	77,171	50,498	53,574	151,634	164,979	115,292	120,344

5 Net assets attributable to unitholders (continued)

	Morningstar Australian Shares High Alpha Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	1	1	75	83	203,117	221,688	205,050	226,038	65,538	71,917	148,497	164,635
Applications	-	-	1	1	1,281	1,437	633	723	-	-	191	226
Redemptions	(1)	(1)	(78)	(92)	(36,670)	(40,261)	(31,198)	(36,174)	(9,211)	(11,000)	(97,002)	(111,924)
Units issued upon reinvestment of distributions	-	-	3	3	18,575	20,857	28,632	32,534	7,026	7,927	13,852	15,890
Increase/(decrease) in net assets attributable to unitholders	-	-	-	6	-	6,360	-	(1,433)	-	2,939	-	3,090
Closing balance	-	-	1	1	186,303	210,081	203,117	221,688	63,353	71,783	65,538	71,917

	Morningstar International Shares (Hedged) Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	1,841	793	606	249	136,508	59,689	125,336	52,021	773,007	345,639	404,444	171,672
Applications	2,138	996	1,558	653	40,203	19,086	1,286	544	117,997	56,351	404,557	180,820
Redemptions	(832)	(389)	(351)	(144)	(1,266)	(590)	(625)	(262)	(115,516)	(54,397)	(60,163)	(26,225)
Units issued upon reinvestment of distributions	56	26	28	11	5,092	2,388	10,511	4,370	16,285	7,806	24,169	10,309
Increase/(decrease) in net assets attributable to unitholders	-	56	-	24	-	4,225	-	3,016	-	25,301	-	9,063
Closing balance	3,203	1,482	1,841	793	180,537	84,798	136,508	59,689	791,773	380,700	773,007	345,639

5 Net assets attributable to unitholders (continued)

Morningstar International Shares (Unhedged) Fund

	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	10,466	9,609	5,033	4,334	53,152	47,319	63,854	53,280	1,099,478	987,110	557,208	468,678
Applications	6,029	5,669	6,736	6,028	35,598	33,216	658	559	132,947	125,929	616,856	549,466
Redemptions	(10,376)	(9,831)	(1,325)	(1,189)	(3,440)	(3,309)	(12,698)	(10,758)	(120,664)	(114,805)	(97,579)	(86,645)
Units issued upon reinvestment of distributions	161	156	22	20	7,064	6,633	1,338	1,183	95,128	90,045	22,993	20,478
Increase/(decrease) in net assets attributable to unitholders	-	477	-	416	-	2,787	-	3,055	-	52,967	-	35,133
Closing balance	<u>6,280</u>	<u>6,080</u>	<u>10,466</u>	<u>9,609</u>	<u>92,374</u>	<u>86,646</u>	<u>53,152</u>	<u>47,319</u>	<u>1,206,889</u>	<u>1,141,246</u>	<u>1,099,478</u>	<u>987,110</u>

Morningstar International Shares High Opportunities (Unhedged) Fund

	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	2,131	3,643	2,310	3,431	43,117	69,534	45,301	63,468	130,076	221,496	175,022	258,855
Applications	264	481	340	548	3,247	5,836	139	207	8,172	14,338	50,447	79,527
Redemptions	(442)	(800)	(522)	(832)	(20,155)	(33,808)	(2,630)	(3,801)	(34,578)	(64,270)	(97,694)	(155,893)
Units issued upon reinvestment of distributions	5	9	3	6	239	430	307	488	2,007	3,738	2,301	3,803
Increase/(decrease) in net assets attributable to unitholders	-	417	-	490	-	5,829	-	9,172	-	26,442	-	35,204
Closing balance	<u>1,958</u>	<u>3,750</u>	<u>2,131</u>	<u>3,643</u>	<u>26,448</u>	<u>47,821</u>	<u>43,117</u>	<u>69,534</u>	<u>105,677</u>	<u>201,744</u>	<u>130,076</u>	<u>221,496</u>

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual share in the Schemes and does not extend to a right in the underlying assets of the Schemes. There are three classes of unitholders in the Schemes being Class A; Class B; and Class Z.

(b) Capital risk management

The Schemes manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can significantly change on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

Management monitors the Schemes' redemptions and assesses the impact of requests for large redemptions on remaining unitholders. Where the impact is significant, management may decide to pay a special distribution and/or may delay payment of the redemption amount.

6 Financial assets held at fair value through profit or loss

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading								
Derivatives	-	-	<u>2,476</u>	3,360	-	-	<u>4</u>	-
Total held for trading	-	-	<u>2,476</u>	3,360	-	-	<u>4</u>	-
Designated at fair value through profit or loss								
Equity securities	<u>19,337</u>	12,789	<u>162,222</u>	169,047	<u>74,645</u>	61,480	<u>289,631</u>	223,960
Unlisted unit trusts	-	-	-	18,698	<u>143,274</u>	122,850	-	-
Listed unit trusts	-	-	-	-	<u>56,198</u>	51,455	<u>1,468</u>	-
Total designated at fair value through profit or loss	<u>19,337</u>	<u>12,789</u>	<u>162,222</u>	<u>187,745</u>	<u>274,117</u>	<u>235,785</u>	<u>291,099</u>	<u>223,960</u>
Total financial assets held at fair value through profit or loss	<u>19,337</u>	<u>12,789</u>	<u>164,698</u>	<u>191,105</u>	<u>274,117</u>	<u>235,785</u>	<u>291,103</u>	<u>223,960</u>
Comprising:								
Derivatives								
Forward currency contracts	-	-	<u>2,476</u>	3,360	-	-	-	-
Australian share price index futures	-	-	-	-	-	-	<u>4</u>	-
International exchange traded options	-	-	-	-	-	-	-	-
Total derivatives	-	-	<u>2,476</u>	3,360	-	-	<u>4</u>	-
Equity securities								
Australian equity securities listed on a prescribed stock exchange	-	-	-	-	-	-	<u>289,631</u>	223,960
International equity securities listed on a prescribed stock exchange	<u>19,337</u>	<u>12,789</u>	<u>162,222</u>	169,047	<u>74,645</u>	61,480	-	-
Total equity securities	<u>19,337</u>	<u>12,789</u>	<u>162,222</u>	169,047	<u>74,645</u>	61,480	<u>289,631</u>	<u>223,960</u>

6 Financial assets held at fair value through profit or loss (continued)

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unlisted unit trusts								
Units in unlisted Australian equity trusts	-	-	-	-	143,274	122,850	-	-
Units in unlisted International equity trusts	-	-	-	18,698	-	-	-	-
Total unlisted unit trusts	-	-	-	18,698	143,274	122,850	-	-
Listed unit trusts								
Australian listed trusts	-	-	-	-	-	-	-	-
International listed trusts	-	-	-	-	56,198	51,455	-	-
Australian listed property trusts	-	-	-	-	-	-	1,468	-
International listed property trusts	-	-	-	-	-	-	-	-
Total listed unit trusts	-	-	-	-	56,198	51,455	1,468	-
Total financial assets held at fair value through profit or loss	19,337	12,789	164,698	191,105	274,117	235,785	291,103	223,960

6 Financial assets held at fair value through profit or loss (continued)

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Held for trading								
Derivatives	49	-	7,069	15,849	-	-	3,992	7,482
Total held for trading	<u>49</u>	<u>-</u>	<u>7,069</u>	<u>15,849</u>	<u>-</u>	<u>-</u>	<u>3,992</u>	<u>7,482</u>
Designated at fair value through profit or loss								
Equity securities	260,161	191,702	-	-	1,225,696	1,034,356	235,498	275,379
Unlisted unit trusts	-	92,320	471,141	394,802	-	-	-	2
Listed unit trusts	<u>16,032</u>	<u>7,097</u>	<u>-</u>	<u>-</u>	<u>531</u>	<u>476</u>	<u>1,703</u>	<u>1,906</u>
Total designated at fair value through profit or loss	<u>276,193</u>	<u>291,119</u>	<u>471,141</u>	<u>394,802</u>	<u>1,226,227</u>	<u>1,034,832</u>	<u>237,201</u>	<u>277,287</u>
Total financial assets held at fair value through profit or loss	<u>276,242</u>	<u>291,119</u>	<u>478,210</u>	<u>410,651</u>	<u>1,226,227</u>	<u>1,034,832</u>	<u>241,193</u>	<u>284,769</u>
Comprising:								
Derivatives								
Forward currency contracts	-	-	7,069	15,849	-	-	23	19
Australian share price index futures	49	-	-	-	-	-	-	-
International exchange traded options	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,969</u>	<u>7,463</u>
Total derivatives	<u>49</u>	<u>-</u>	<u>7,069</u>	<u>15,849</u>	<u>-</u>	<u>-</u>	<u>3,992</u>	<u>7,482</u>
Equity securities								
Australian equity securities listed on a prescribed stock exchange	260,161	189,775	-	-	-	-	2,638	2,141
International equity securities listed on a prescribed stock exchange	<u>-</u>	<u>1,927</u>	<u>-</u>	<u>-</u>	<u>1,225,696</u>	<u>1,034,356</u>	<u>232,860</u>	<u>273,238</u>
Total equity securities	<u>260,161</u>	<u>191,702</u>	<u>-</u>	<u>-</u>	<u>1,225,696</u>	<u>1,034,356</u>	<u>235,498</u>	<u>275,379</u>

6 Financial assets held at fair value through profit or loss (continued)

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Unlisted unit trusts								
Units in unlisted Australian equity trusts	-	92,320	471,141	394,802	-	-	-	-
Units in unlisted International equity trusts	-	-	-	-	-	-	-	2
Total unlisted unit trusts	-	92,320	471,141	394,802	-	-	-	2
Listed unit trusts								
Australian listed trusts	7,056	2,324	-	-	-	-	-	-
International listed trusts	-	-	-	-	-	-	82	166
Australian listed property trusts	8,976	4,773	-	-	-	-	-	-
International listed property trusts	-	-	-	-	531	476	1,621	1,740
Total listed unit trusts	16,032	7,097	-	-	531	476	1,703	1,906
Total financial assets held at fair value through profit or loss	276,242	291,119	478,210	410,651	1,226,227	1,034,832	241,193	284,769

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in Note 14.

7 Financial liabilities held at fair value through profit or loss

	Ibbotson International Shares Active (Unhedged) Trust		Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Held for trading								
Derivatives	<u>1,847</u>	<u>170</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>4</u>	<u>10,978</u>	<u>7,110</u>
Total held for trading	<u>1,847</u>	<u>170</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>4</u>	<u>10,978</u>	<u>7,110</u>
Total financial liabilities held at fair value through profit or loss	<u>1,847</u>	<u>170</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>4</u>	<u>10,978</u>	<u>7,110</u>
Comprising:								
Derivatives								
Forward currency contracts	1,847	170	-	-	-	-	10,978	7,110
International Share Price Index Futures	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total derivatives	<u>1,847</u>	<u>170</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>4</u>	<u>10,978</u>	<u>7,110</u>
Total financial liabilities held at fair value through profit or loss	<u>1,847</u>	<u>170</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>4</u>	<u>10,978</u>	<u>7,110</u>

7 Financial liabilities held at fair value through profit or loss (continued)

	Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Held for trading				
Derivatives	<u>265</u>	-	-	<u>2</u>
Total held for trading	<u>265</u>	-	-	<u>2</u>
Total financial liabilities held at fair value through profit or loss	<u>265</u>	-	-	<u>2</u>
Comprising:				
Derivatives				
Forward currency contracts	6	-	-	2
International Share Price Index Futures	<u>259</u>	-	-	-
Total derivatives	<u>265</u>	-	-	<u>2</u>
Total financial liabilities held at fair value through profit or loss	<u>265</u>	-	-	<u>2</u>

8 Remuneration of auditors

The auditor's remuneration for Ibbotson International Shares Active (Hedged) Trust, Ibbotson International Shares Active (Unhedged) Trust and Morningstar International Shares (Hedged) Fund were paid by the Sector Schemes and are reflected in the financial statements of the relevant Schemes. Sector schemes are schemes managed by Morningstar Investment Management Australia Limited that receive inter-funding investments from the Schemes.

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Ernst & Young								
Audit of financial statements	-	-	-	-	16,457	13,405	15,073	15,349
Other services - Compliance plan audit	-	-	-	-	2,262	1,835	2,072	2,101
Total remuneration for audit and other assurance services	-	-	-	-	18,719	15,240	17,145	17,450
	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Ernst & Young								
Audit of financial statements	16,504	22,948	-	-	68,892	43,743	16,674	20,345
Other services - Compliance plan audit	2,269	3,141	-	-	9,470	5,987	2,292	2,785
Total remuneration for audit and other assurance services	18,773	26,089	-	-	78,362	49,730	18,966	23,130

9 Payables

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fees payable	-	-	-	-	141	127	40	27
Custody fees payable	6	-	-	-	-	-	-	-
Other payables	<u>1</u>	<u>-</u>	<u>100</u>	<u>12</u>	<u>171</u>	<u>123</u>	<u>156</u>	<u>81</u>
Total Payables	<u>7</u>	<u>-</u>	<u>100</u>	<u>12</u>	<u>312</u>	<u>250</u>	<u>196</u>	<u>108</u>

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fees payable	134	151	28	18	30	15	36	53
Custody fees payable	109	-	-	-	468	-	-	-
Other payables	<u>4,188</u>	<u>5,458</u>	<u>-</u>	<u>-</u>	<u>254</u>	<u>396</u>	<u>166</u>	<u>981</u>
Total Payables	<u>4,431</u>	<u>5,609</u>	<u>28</u>	<u>18</u>	<u>752</u>	<u>411</u>	<u>202</u>	<u>1,034</u>

10 Distributions to unitholders

	Ibbotson International Shares Active (Hedged) Trust											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
– September	-	-	-	0.5163	-	-	-	0.5092	52	0.5660	52	0.6251
– December	-	-	-	0.3182	-	-	-	0.3032	50	0.4608	57	0.7181
– March	-	-	-	-	-	-	-	-	57	0.5271	245	3.0551
– May	-	-	-	-	-	-	-	-	-	-	237	2.6650
– June	-	-	-	-	-	-	-	-	2,822	23.6537	44	0.4837
	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.8345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.8124</u>	<u>2,981</u>	<u>25.2076</u>	<u>635</u>	<u>7.5470</u>

	Ibbotson International Shares Active (Unhedged) Trust											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
– September	-	-	-	-	-	-	-	-	3,109	1.4177	-	-
– December	-	-	-	-	-	-	-	-	5,126	2.5624	168	0.0723
– March	-	-	-	-	-	-	-	-	4,459	2.2377	1,611	0.6945
– May	-	-	-	-	-	-	-	-	-	-	4,291	1.9172
– June	-	-	-	-	-	-	-	-	8,155	4.3169	460	0.2201
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,849</u>	<u>10.5347</u>	<u>6,530</u>	<u>2.9041</u>

10 Distributions to unitholders (continued)

	Ibbotson Supplementary Opportunities Trust											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
– September	-	-	-	-	1,272	0.6091	1,480	0.9112	-	-	-	-
– December	-	-	-	-	852	0.4088	1,096	0.6638	-	-	-	-
– March	-	-	-	-	1,804	0.8465	3,095	1.7361	-	-	-	-
– May	-	-	-	-	-	-	1,839	0.9397	-	-	-	-
– June	-	-	-	-	17,218	8.2343	1,006	0.5104	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,146</u>	<u>10.0987</u>	<u>8,516</u>	<u>4.7612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,146</u>	<u>10.0987</u>	<u>8,516</u>	<u>4.7612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Morningstar Australian Shares Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
– August	-	-	37	0.0715	-	-	24	0.0724	-	-	237	0.1066
– September	432	0.8880	656	1.2576	619	0.9008	404	1.2499	1,096	0.9509	2,554	1.2775
– November	-	-	370	0.7119	-	-	227	0.7080	-	-	1,523	0.7636
– December	527	1.1412	65	0.1265	798	1.1480	40	0.1253	1,429	1.2284	187	0.1583
– March	332	0.7372	584	1.1548	509	0.7387	302	1.1371	921	0.8300	1,482	1.2372
– May	-	-	501	1.0047	-	-	267	1.0009	-	-	1,198	1.0421
– June	46	0.8917	-	0.0043	619	0.8944	26	0.0514	1,135	1.0098	92	0.0800
Distribution payable												
– June	345	0.8917	2	0.0043	-	-	-	-	386	1.0098	-	-
	<u>1,682</u>	<u>3.6581</u>	<u>2,215</u>	<u>4.3313</u>	<u>2,545</u>	<u>3.6820</u>	<u>1,290</u>	<u>4.3450</u>	<u>4,967</u>	<u>4.0191</u>	<u>7,273</u>	<u>4.6653</u>
	<u>1,682</u>	<u>3.6581</u>	<u>2,215</u>	<u>4.3313</u>	<u>2,545</u>	<u>3.6820</u>	<u>1,290</u>	<u>4.3450</u>	<u>4,967</u>	<u>4.0191</u>	<u>7,273</u>	<u>4.6653</u>

10 Distributions to unitholders (continued)

	Morningstar Australian Shares High Alpha Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- August	-	-	1	1.1970	-	-	2,497	1.2169	-	-	1,750	1.2898
- September	-	-	1	2.3341	3,224	1.9297	4,536	2.3433	1,404	2.1425	3,154	2.4832
- December	-	-	2	2.5035	328	0.1917	4,980	2.5183	281	0.4206	3,027	2.7563
- March	-	-	-	1.3289	533	0.3115	6,841	3.3836	342	0.5415	3,075	3.6390
- May	-	-	-	-	-	-	4,516	2.1701	-	-	1,800	2.3116
- June	-	-	-	<u>5.0634</u>	<u>16,772</u>	<u>9.7827</u>	<u>9,164</u>	<u>4.7056</u>	<u>5,900</u>	<u>10.1456</u>	<u>3,084</u>	<u>4.9159</u>
	-	-	4	<u>12.4269</u>	<u>20,857</u>	<u>12.2156</u>	<u>32,534</u>	<u>16.3378</u>	<u>7,927</u>	<u>13.2502</u>	<u>15,890</u>	<u>17.3958</u>

	Morningstar International Shares (Hedged) Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	4	0.1523	8	1.1473	223	0.1626	1,473	1.1711	1,486	0.1963	5,769	1.2291
- December	3	0.1267	12	1.2332	247	0.1503	1,629	1.2593	1,486	0.1918	6,737	1.3254
- March	-	-	9	0.7816	-	-	1,061	0.7953	-	-	4,356	0.8513
- June	22	1.0608	2	0.1390	1,918	1.0868	207	0.1521	5,861	1.1727	1,043	0.2047
Distribution payable												
- June	<u>11</u>	<u>1.0608</u>	<u>1</u>	<u>0.1390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,281</u>	<u>1.1727</u>	<u>534</u>	<u>0.2047</u>
	<u>40</u>	<u>1.3398</u>	<u>32</u>	<u>3.3011</u>	<u>2,388</u>	<u>1.3997</u>	<u>4,370</u>	<u>3.3778</u>	<u>12,114</u>	<u>1.5608</u>	<u>18,439</u>	<u>3.6105</u>

10 Distributions to unitholders (continued)

	Morningstar International Shares (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
– September	36	0.3156	8	0.1198	224	0.3399	63	0.1218	4,279	0.3833	1,156	0.1821
– November	-	-	10	0.1388	-	-	78	0.1513	-	-	1,257	0.1921
– December	14	0.2459	12	0.1609	282	0.3304	85	0.1647	4,489	0.4014	1,400	0.1874
– March	10	0.1763	44	0.5221	157	0.1839	278	0.5331	3,121	0.2781	4,630	0.6021
– May	-	-	62	0.7235	-	-	377	0.7187	-	-	5,886	0.7609
– June	145	7.1512	7	0.5752	5,970	6.9403	302	0.5713	78,464	7.1251	6,673	0.6256
Distribution payable												
– June	294	7.1512	53	0.5752	-	-	-	-	1,620	7.1251	158	0.6256
	<u>499</u>	<u>7.8890</u>	<u>196</u>	<u>2.2403</u>	<u>6,633</u>	<u>7.7945</u>	<u>1,183</u>	<u>2.2609</u>	<u>91,973</u>	<u>8.1879</u>	<u>21,160</u>	<u>2.5502</u>

	Morningstar International Shares High Opportunities (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
– August	-	-	-	-	-	-	-	-	-	-	102	0.0613
– September	-	-	-	-	-	-	-	-	194	0.1452	-	-
– December	7	0.3218	3	0.1487	42	0.1754	95	0.2215	927	0.7504	1,160	0.7238
– March	-	-	3	0.1470	9	0.0378	72	0.1691	523	0.4243	843	0.5189
– May	-	-	8	0.3551	-	-	153	0.3567	-	-	809	0.5708
– June	7	1.4200	2	0.3778	380	1.4533	169	0.3953	2,094	2.0024	891	0.6875
Distribution payable												
– June	20	1.4200	6	0.3778	1	1.4533	1	0.3953	-	-	-	-
	<u>34</u>	<u>1.7418</u>	<u>22</u>	<u>1.0286</u>	<u>432</u>	<u>1.6665</u>	<u>490</u>	<u>1.1426</u>	<u>3,738</u>	<u>3.3223</u>	<u>3,805</u>	<u>2.5623</u>

11 Derivative financial instruments

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

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

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

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and/or adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

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

The Schemes held the following derivative financial instruments during the year:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Options

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

(c) Forward currency contracts

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

11 Derivative financial instruments (continued)

The Schemes' derivative financial instruments at year end are detailed below:

		Ibbotson International Shares Active (Unhedged) Trust					
		June 2018			June 2017		
		Fair values			Fair values		
Buy	Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Forward currency contracts	424,860	<u>2,476</u>	<u>1,847</u>	201,135	<u>3,360</u>	<u>170</u>	
		<u>2,476</u>	<u>-</u>		<u>3,360</u>	<u>170</u>	
		Morningstar Australian Shares Fund					
		June 2018			June 2017		
		Fair values			Fair values		
Buy	Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian share price index futures	154	<u>4</u>	<u>-</u>	706	<u>-</u>	<u>17</u>	
		<u>4</u>	<u>-</u>		<u>-</u>	<u>17</u>	
		Morningstar Australian Shares High Alpha Fund					
		June 2018			June 2017		
		Fair values			Fair values		
Buy	Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian share price index futures	5,072	<u>49</u>	<u>-</u>	565	<u>-</u>	<u>4</u>	
		<u>49</u>	<u>-</u>		<u>-</u>	<u>4</u>	

11 Derivative financial instruments (continued)

Morningstar International Shares (Hedged) Fund					
June 2018			June 2017		
Fair values			Fair values		
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy					
Forward currency contracts	2,157,345	<u>7,069</u>	1,749,540	<u>15,849</u>	<u>7,110</u>
		<u>10,978</u>		<u>15,849</u>	<u>7,110</u>
		<u>7,069</u>		<u>15,849</u>	<u>7,110</u>
Morningstar International Shares (Unhedged) Fund					
June 2018			June 2017		
Fair values			Fair values		
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy					
Forward currency contracts	1,067	-	-	-	-
International Share Price Index Futures	8,942	-	-	-	-
		<u>259</u>		<u>-</u>	<u>-</u>
		<u>265</u>		<u>-</u>	<u>-</u>
Morningstar International Shares High Opportunities (Unhedged) Fund					
2018			2017		
Fair values			Fair values		
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy					
Forward currency contracts	2,034	23	3,189	19	2
International exchange traded options	-	<u>3,969</u>	-	<u>7,463</u>	-
		<u>3,992</u>		<u>7,482</u>	<u>2</u>

Risk exposures and fair value measurements

Information about the Schemes' exposure to credit risk, foreign exchange risk, and interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 14 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

12 Reconciliation of net operating profit/(loss) to net cash used in/from operating activities

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities								
Operating profit/(loss)	1,977	2,076	7,160	26,937	24,961	26,598	19,602	28,701
Change in fair value of investments	(1,659)	(1,841)	3,642	(23,059)	(14,761)	(22,167)	(10,488)	(18,468)
(Increase)/decrease in receivables	(36)	(19)	(299)	(668)	(27)	(86)	(52)	(56)
Increase/(decrease) in payables	7	-	88	12	62	96	88	(20)
Trust distribution received reinvested	-	-	-	(940)	-	(3,310)	-	(404)
Net cash inflow/(outflow) from operating activities	289	216	10,591	2,282	10,235	1,131	9,150	9,753
(b) Components of cash and cash equivalents								
Cash at bank	68	317	4,124	1,625	2,648	6,602	531	6,451
	68	317	4,124	1,625	2,648	6,602	531	6,451
(c) Non-cash financing and investing activities								
Reinvestment of unitholder distributions in the Schemes	2,981	(635)	(20,849)	(6,530)	(21,146)	(8,516)	(7,331)	(8,808)
Reinvestment of dividend and distribution income of the Schemes	-	-	-	(940)	-	(3,310)	-	(404)

12 Reconciliation of net operating profit/(loss) to net cash used in/from operating activities (continued)

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities								
Operating profit/(loss)	38,083	50,091	44,124	34,944	155,336	61,143	36,892	49,183
Change in fair value of investments	(34,877)	(43,915)	(6,527)	(26,277)	(134,725)	(46,846)	(32,506)	(44,515)
(Increase)/decrease in receivables	3,658	4,114	(1)	-	(682)	(910)	142	(153)
Increase/(decrease) in payables	(1,178)	2,226	10	3	341	219	(832)	(232)
Trust distribution received reinvested	(6,126)	(10,935)	-	(8,253)	-	(1,398)	(326)	(407)
Net cash inflow/(outflow) from operating activities	(440)	1,581	37,606	417	20,270	12,208	3,370	3,876
(b) Components of cash and cash equivalents								
Cash at bank	7,615	3,076	3,062	3,128	8,522	7,789	11,509	10,396
	7,615	3,076	3,062	3,128	8,522	7,789	11,509	10,396
(c) Non-cash financing and investing activities								
Reinvestment of unitholder distributions in the Schemes	(28,784)	(48,427)	(10,219)	(14,690)	(96,834)	(21,681)	(4,177)	(4,297)
Reinvestment of dividend and distribution income of the Schemes	(6,126)	(10,935)	-	(8,253)	-	(1,398)	(326)	(407)

13 Related party transactions

Responsible Entity

The Responsible Entity of the Schemes is Morningstar Investment Management Australia Limited (ABN 54 071 808 501). The registered office of the Responsible Entity is Level 3, International Tower 1, 100 Barangaroo Avenue, Barangaroo, Sydney NSW 2000.

Parent Entities

The immediate Australia parent entity is Morningstar Australasia Pty Limited. The ultimate parent is Morningstar Inc, a company incorporated in the US.

Key management personnel

(a) Directors

The following persons held office as directors of the Responsible Entity from the beginning of the financial year up to the date of this report unless noted otherwise:

Daniel Edward Needham (director)

Christopher Galloway (director)

Heather Brilliant (director) (resigned 1 September 2017)

James Wickham (director) (appointed 23 August 2017).

Scott Schilling (director)

Fiona White (company secretary)

(b) Other key management personnel

In addition to the Directors noted above, Morningstar Investment Management Australia Limited, the Responsible Entity of the Schemes, is considered to be key management personnel with the authority for the strategic direction and management of the Schemes.

13 Related party transactions (continued)

Related party transactions

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 Schemes and the Responsible Entity are as follows:

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Fees paid and payable to the Responsible Entity	\$ <u>14,727</u>	\$ 989	\$ <u>192,126</u>	\$ 18,105	\$ <u>1,983,061</u>	\$ 1,309,382	\$ <u>668,978</u>	\$ 515,681

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Fees paid and payable to the Responsible Entity	\$ <u>3,436,143</u>	\$ 3,383,655	\$ <u>284,290</u>	\$ 197,514	\$ <u>1,143,540</u>	\$ 640,968	\$ <u>1,164,863</u>	\$ 1,382,682

Related party schemes' unitholdings

Parties related to the Schemes (including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity) held units in the Schemes as follows:

Entity Name	Ibbotson International Shares Active (Hedged) Trust					
	30 June 2018			30 June 2017		
	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
000's units	%	\$'000	000's units	%	\$'000	
Morningstar Growth Real Return Fund	-	-	-	4,244	46.66	485
Morningstar Multi-Asset Real Return Fund	<u>13,950</u>	<u>99.99</u>	<u>2,980</u>	<u>4,850</u>	<u>53.33</u>	<u>150</u>
	<u>13,950</u>	<u>99.99</u>	<u>2,980</u>	<u>9,094</u>	<u>99.99</u>	<u>635</u>

13 Related party transactions (continued)

Related party schemes' unitholdings (continued)

Ibbotson International Shares Active (Unhedged) Trust						
30 June 2018			30 June 2017			
Entity Name	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
	000's units	%	\$'000	000's units	%	\$'000
Ibbotson Supplementary Opportunities Trust	62,378	31.42	6,439	79,973	38.14	2,269
Ibbotson WS Dynamic Growth Trust (Active)	57,628	29.02	6,766	71,433	34.07	2,167
Morningstar Multi-Asset Real Return Fund	20,625	10.39	1,985	6,684	3.18	140
Morningstar Multi-Asset All Growth Fund	<u>57,926</u>	<u>29.17</u>	<u>5,658</u>	<u>51,595</u>	<u>24.61</u>	<u>1,954</u>
	<u>198,557</u>	<u>100.00</u>	<u>20,848</u>	<u>209,685</u>	<u>100.00</u>	<u>6,530</u>

Morningstar Australian Shares Fund						
30 June 2018			30 June 2017			
Entity Name	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
	000's units	%	\$'000	000's units	%	\$'000
Ibbotson WS Dynamic Growth Trust (Active)	94,209	35.51	3,826	96,750	45.02	3,052
Morningstar Multi-Asset All Growth Fund	<u>19,254</u>	<u>7.26</u>	<u>756</u>	<u>18,542</u>	<u>8.63</u>	<u>1,864</u>
	<u>113,463</u>	<u>42.77</u>	<u>4,582</u>	<u>115,292</u>	<u>53.65</u>	<u>4,916</u>

Morningstar Australian Shares High Alpha Fund						
30 June 2018			30 June 2017			
Entity Name	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
	000's units	%	\$'000	000's units	%	\$'000
Ibbotson WS Dynamic Growth Trust (Active)	45,376	18.18	5,752	49,488	18.42	12,878
Morningstar Multi-Asset All Growth Fund	<u>17,975</u>	<u>7.20</u>	<u>2,176</u>	<u>16,048</u>	<u>5.97</u>	<u>3,156</u>
	<u>63,351</u>	<u>25.38</u>	<u>7,928</u>	<u>65,536</u>	<u>24.39</u>	<u>16,034</u>

13 Related party transactions (continued)

Related party schemes' unitholdings (continued)

Entity Name	Morningstar International Shares (Hedged) Fund					
	30 June 2018			30 June 2017		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Morningstar Multi-Asset Real Return Fund	21,386	2.19	279	-	-	-
Morningstar Multi-Asset All Growth Fund	-	-	-	3,410	0.37	-
	<u>21,386</u>	<u>2.19</u>	<u>279</u>	<u>3,410</u>	<u>0.37</u>	<u>-</u>
Entity Name	Morningstar International Shares (Unhedged) Fund					
	30 June 2018			30 June 2017		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Ibbotson WS Dynamic Growth Trust (Active)	77,828	5.96	5,958	76,501	6.58	1,712
Morningstar International Shares (Hedged) Fund	498,172	38.16	37,881	439,949	37.83	8,865
Morningstar Multi-Asset All Growth Fund	20,108	1.54	1,332	-	-	-
	<u>596,108</u>	<u>45.66</u>	<u>45,171</u>	<u>516,450</u>	<u>44.41</u>	<u>10,577</u>
Entity Name	Morningstar International Shares High Opportunities (Unhedged) Fund					
	30 June 2018			30 June 2017		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Ibbotson WS Dynamic Growth Trust (Active)	17,403	12.98	583	18,406	10.50	923
Morningstar International Shares High Opportunities (Hedged) Fund	73,025	54.46	2,425	76,382	43.57	1,824
Morningstar Multi-Asset All Growth Fund	15,249	11.37	730	35,288	20.13	1,269
	<u>105,677</u>	<u>78.81</u>	<u>3,738</u>	<u>130,076</u>	<u>74.20</u>	<u>4,016</u>

Key management personnel unitholdings

At 30 June 2018, no key management personnel held units in the Schemes (2017: Nil).

13 Related party transactions (continued)

Key management personnel remuneration

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Schemes to the Responsible Entity do not include any remuneration amounts directly attributable to key management personnel.

Key management personnel loan disclosures

The Schemes have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period (2017: Nil).

Investments

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

Fund Name	Ibbotson Supplementary Opportunities Trust							
	30 June 2018				30 June 2017			
	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000
Ibbotson International Shares Active (Unhedged) Trust	62,378	52,638	31.42	6,439	79,973	73,501	38.14	2,269
Ibbotson International Shares (Unhedged) Trust	<u>18,462</u>	<u>90,636</u>	<u>35.32</u>	<u>3,320</u>	<u>11,971</u>	<u>49,349</u>	<u>33.48</u>	<u>793</u>
		<u>143,274</u>		<u>9,759</u>		<u>122,850</u>		<u>3,062</u>

Fund Name	Morningstar International Shares (Hedged) Fund							
	30 June 2018				30 June 2017			
	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000	Units held Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000
Morningstar International shares (Unhedged) Fund	498,172	471,141	38.16	37,881	439,949	394,801	37.82	8,865
		<u>471,141</u>		<u>37,881</u>		<u>394,801</u>		<u>8,865</u>

The principal activity of the fund is denoted by the name of the Fund.

14 Financial risk management

(a) Financial risk management objectives, policies and processes

Risks arising from holding financial instruments are inherent in the Schemes' activities, and are managed through a process of ongoing identification, measurement and monitoring. The Schemes are exposed to credit risk, liquidity risk and market risk.

Financial instruments of the Schemes comprise investments in financial assets for the purpose of generating a return on the investment made by unitholders, in addition to derivatives, cash and cash equivalents, net assets attributable to unitholders, and other financial instruments such as trade debtors and creditors, which arise directly from its operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Schemes from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Schemes, as well as the level of risk that the Schemes are willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within Management on a regular basis as deemed appropriate, including the investment manager, compliance manager, other key management, the Investment Committee of the Investment manager, and ultimately the Board of Directors of the Responsible Entity.

As part of its risk management strategy, the Schemes may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentration of risk, the Schemes monitor their exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

(b) Credit risk

Credit risk represents the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Schemes.

The Schemes' maximum credit risk exposure at reporting date in relation to each class of recognised financial asset, other than derivative financial instruments, is the carrying amount of those assets as indicated in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties. As such, the Schemes do not have a concentration of credit risk that arises from exposure to derivatives from a single, or small group of counterparties.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Unsettled sales of investments are transactions with brokers awaiting settlement. The credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Schemes monitor the credit rating and financial positions of the brokers used to further mitigate this risk.

Substantially all of the assets of the Schemes are held by the custodian, JPMorgan. Bankruptcy or insolvency of the custodian may cause the Schemes' rights with respect to securities held by the custodian to be delayed or limited. The Schemes monitor their risk by monitoring the credit quality and financial positions of the custodian the Schemes use.

Credit risk is not considered to be significant to the Schemes except in relation to investments in debt securities.

Credit quality per class of debt instrument

The credit quality of financial assets is managed by the Schemes using Standard and Poor's rating categories, in accordance with the investment mandate of the Schemes. The Schemes' exposure in each grade is monitored on a weekly basis. This review process allows management to assess the potential loss as a result of risks and take corrective action.

14 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Schemes will experience difficulty in meeting obligations associated with financial liabilities.

This risk is controlled through the Schemes' investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Schemes maintain sufficient cash and cash equivalents to meet normal operating requirements. Units are redeemed on demand at the unit holders' option. However, the Directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term. As stated in the Schemes' Constitution, where it is impracticable for the Responsible Entity to issue out redemptions during instances of stock market closures or emergency state of affairs, the Responsible Entity may at any time suspend the redemption of units.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Ibbotson International Shares Active (Hedged) Trust									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Payables	7	-	-	-	7	-	-	-	-	-
Net assets attributable to unitholders	<u>19,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,454</u>	<u>13,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,125</u>
Total financial liabilities	<u>19,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,461</u>	<u>13,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,125</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

14 Financial risk management (continued)

(c) Liquidity risk (continued)

	Ibbotson International Shares Active (Unhedged) Trust									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	319	-	-	-	319	337	-	-	-	337
Payables	100	-	-	-	100	12	-	-	-	12
Financial liabilities held at fair value through profit or loss	1,571	276	-	-	1,847	-	170	-	-	170
Net assets attributable to unitholders	<u>167,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,560</u>	<u>192,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,896</u>
Total financial liabilities	<u>169,550</u>	<u>276</u>	<u>-</u>	<u>-</u>	<u>169,826</u>	<u>193,245</u>	<u>170</u>	<u>-</u>	<u>-</u>	<u>193,415</u>
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts										
Inflow	286,657	138,203	-	-	424,860	201,135	-	-	-	201,135
(Outflow)	<u>(286,657)</u>	<u>(138,203)</u>	<u>-</u>	<u>-</u>	<u>(424,860)</u>	<u>(201,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(201,135)</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Ibbotson Supplementary Opportunities Trust									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	-	-	-	-	-	129	-	-	-	129
Payables	312	-	-	-	312	250	-	-	-	250
Net assets attributable to unitholders	<u>276,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,984</u>	<u>242,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,497</u>
Total financial liabilities	<u>277,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,296</u>	<u>242,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,876</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

14 Financial risk management (continued)

(c) Liquidity risk (continued)

	Morningstar Australian Shares Fund									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	193	-	-	-	193	4,775	-	-	-	4,775
Distribution payable	731	-	-	-	731	2	-	-	-	2
Payables	196	-	-	-	196	108	-	-	-	108
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	17	-	-	17
Net assets attributable to unitholders	<u>290,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,937</u>	<u>226,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,289</u>
Total financial liabilities	<u>292,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,057</u>	<u>231,174</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>231,191</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Morningstar Australian Shares High Alpha Fund									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	1,055	-	-	-	1,055	456	-	-	-	456
Payables	4,431	-	-	-	4,431	5,609	-	-	-	5,609
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	4	-	-	4
Net assets attributable to unitholders	<u>281,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,864</u>	<u>293,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,606</u>
Total financial liabilities	<u>287,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,350</u>	<u>299,671</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>299,675</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

14 Financial risk management (continued)

(c) Liquidity risk (continued)

	Morningstar International Shares (Hedged) Fund									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	3,292	-	-	-	3,292	535	-	-	-	535
Payables	28	-	-	-	28	18	-	-	-	18
Financial liabilities held at fair value through profit or loss	9,891	1,087	-	-	10,978	5,564	1,546	-	-	7,110
Net assets attributable to unitholders	<u>466,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,980</u>	<u>406,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,121</u>
Total financial liabilities	<u>480,191</u>	<u>1,087</u>	<u>-</u>	<u>-</u>	<u>481,278</u>	<u>412,238</u>	<u>1,546</u>	<u>-</u>	<u>-</u>	<u>413,784</u>
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts										
Inflow	1,435,548	721,797	-	-	2,157,345	1,130,864	618,676	-	-	1,749,540
(Outflow)	<u>(1,435,548)</u>	<u>(721,797)</u>	<u>-</u>	<u>-</u>	<u>(2,157,345)</u>	<u>(1,130,864)</u>	<u>(618,676)</u>	<u>-</u>	<u>-</u>	<u>(1,749,540)</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

14 Financial risk management (continued)

(c) Liquidity risk (continued)

	Morningstar International Shares (Unhedged) Fund									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Payable to brokers for margin	2,458	-	-	-	2,458	-	-	-	-	-
Distribution payable	1,914	-	-	-	1,914	211	-	-	-	211
Payables	752	-	-	-	752	411	-	-	-	411
Financial liabilities held at fair value through profit or loss	6	259	-	-	265	-	-	-	-	-
Net assets attributable to unitholders	<u>1,233,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,972</u>	<u>1,044,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,044,038</u>
Total financial liabilities	<u>1,239,102</u>	<u>259</u>	<u>-</u>	<u>-</u>	<u>1,239,361</u>	<u>1,044,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,044,660</u>
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts										
Inflow	1,067	-	-	-	1,067	-	-	-	-	-
(Outflow)	<u>(1,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

14 Financial risk management (continued)

(c) Liquidity risk (continued)

	Morningstar International Shares High Opportunities (Unhedged) Fund									
	30 June 2018					30 June 2017				
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	16	-	-	-	16	815	-	-	-	815
Distribution payable	21	-	-	-	21	7	-	-	-	7
Payables	202	-	-	-	202	1,034	-	-	-	1,034
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	2	-	-	-	2
Net assets attributable to unitholders	<u>253,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,315</u>	<u>294,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,673</u>
Total financial liabilities	<u>253,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,554</u>	<u>296,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,531</u>
	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts										
Inflow	136	1,898	-	-	2,034	772	-	-	-	772
(Outflow)	<u>(136)</u>	<u>(1,898)</u>	<u>-</u>	<u>-</u>	<u>(2,034)</u>	<u>(772)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(772)</u>

The table above analyses the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

The Schemes buy and sell derivatives in the ordinary course of business, and also incur financial liabilities, in order to manage market risks.

Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Schemes enter into forward foreign exchange contracts principally to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currencies, and to secure a particular exchange rate for a planned purchase or sale of securities. The term of these contracts rarely exceeds twelve months.

For the following Schemes there are no currency risks associated since all monetary assets and liabilities are held in Australian dollars:

- Morningstar Australian Shares Fund
- Morningstar Australian Shares High Alpha Fund

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

The table below indicates the currencies to which the Schemes had significant exposure at 30 June 2018 on its assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian dollar on net assets attributable to unitholders and net operating profit before distributions, with all other variables held constant.

30 June 2018	Ibbotson International Shares Active (Hedged) Trust				
	US Dollar \$'000	Euro \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets					
Cash and cash equivalents	24	-	-	-	24
Receivables	<u>16</u>	<u>4</u>	<u>12</u>	<u>24</u>	<u>56</u>
Total assets	<u>40</u>	<u>4</u>	<u>12</u>	<u>24</u>	<u>80</u>
Liabilities					
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Ibbotson International Shares Active (Hedged) Trust				
30 June 2017	US Dollar \$'000	Euro \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets					
Cash and cash equivalents	198	13	-	37	248
Receivables	<u>10</u>	<u>3</u>	<u>-</u>	<u>6</u>	<u>19</u>
Total assets	<u>208</u>	<u>16</u>	<u>-</u>	<u>43</u>	<u>267</u>
Liabilities					
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Ibbotson International Shares Active (Unhedged) Trust						
30 June 2018	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	114	-	-	-	447	561
Receivables	<u>141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>596</u>	<u>737</u>
Total assets	<u>255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043</u>	<u>1,298</u>
Liabilities						
Due to brokers - payable for securities purchased	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319</u>	<u>319</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319</u>	<u>319</u>
Ibbotson International Shares Active (Unhedged) Trust						
30 June 2017	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	283	-	-	-	128	411
Receivables	<u>147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411</u>	<u>558</u>
Total assets	<u>430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539</u>	<u>969</u>
Liabilities						
Due to brokers - payable for securities purchased	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>	<u>337</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>	<u>337</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Ibbotson Supplementary Opportunities Trust						
30 June 2018	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	520	-	-	1,230	-	1,750
Receivables	-	-	-	29	26	55
Total assets	520	-	-	1,259	26	1,805
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	-
Ibbotson Supplementary Opportunities Trust						
30 June 2017	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	-	-	-	992	-	992
Receivables	11	-	-	19	31	61
Total assets	11	-	-	1,011	31	1,053
Liabilities						
Due to brokers - payable for securities purchased	-	-	-	129	-	129
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	129	-	129

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Morningstar International Shares (Hedged) Fund						
30 June 2018	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	7	-	-	-	-	7
Total assets	7	-	-	-	-	7
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	-
Morningstar International Shares (Hedged) Fund						
30 June 2017	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	8	-	-	-	-	8
Total assets	8	-	-	-	-	8
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	-

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Morningstar International Shares (Unhedged) Fund						
30 June 2018	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	3,807	67	58	1,547	764	6,243
Receivables	<u>982</u>	<u>539</u>	<u>218</u>	<u>239</u>	<u>726</u>	<u>2,704</u>
Total assets	<u>4,789</u>	<u>606</u>	<u>276</u>	<u>1,786</u>	<u>1,490</u>	<u>8,947</u>
Liabilities						
Due to brokers - payable for securities purchased	-	-	-	<u>2,458</u>	-	<u>2,458</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,458</u>	<u>-</u>	<u>2,458</u>
Morningstar International Shares (Unhedged) Fund						
30 June 2017	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	1,004	19	116	187	441	1,767
Deposits held with brokers for margin	93	-	2	-	-	95
Receivables	<u>864</u>	<u>282</u>	<u>266</u>	<u>80</u>	<u>470</u>	<u>1,962</u>
Total assets	<u>1,961</u>	<u>301</u>	<u>384</u>	<u>267</u>	<u>911</u>	<u>3,824</u>
Liabilities						
Payable to brokers for margin	-	<u>13</u>	-	<u>13</u>	-	<u>26</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>26</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Morningstar International Shares High Oppourtunities (Unhedged) Fund

30 June 2018

	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	6,480	2	17	164	159	6,822
Due from brokers - receivable for securities sold	-	-	-	96	18	114
Receivables	<u>195</u>	<u>205</u>	<u>65</u>	<u>11</u>	<u>247</u>	<u>723</u>
Total assets	<u>6,675</u>	<u>207</u>	<u>82</u>	<u>271</u>	<u>424</u>	<u>7,659</u>
Liabilities						
Due to brokers - payable for securities purchased	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>

Morningstar International Shares High Oppourtunities (Unhedged) Fund

30 June 2017

	US Dollar \$'000	Euro \$'000	British Pound \$'000	Japanese Yen \$'000	Other \$'000	Total \$'000
Assets						
Cash and cash equivalents	5,393	2	89	295	20	5,799
Due from brokers - receivable for securities sold	509	-	112	109	161	891
Receivables	<u>7</u>	<u>170</u>	<u>1</u>	<u>14</u>	<u>252</u>	<u>444</u>
Total assets	<u>5,909</u>	<u>172</u>	<u>202</u>	<u>418</u>	<u>433</u>	<u>7,134</u>
Liabilities						
Due to brokers - payable for securities purchased	<u>438</u>	<u>26</u>	<u>282</u>	<u>13</u>	<u>56</u>	<u>815</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>438</u>	<u>26</u>	<u>282</u>	<u>13</u>	<u>56</u>	<u>815</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The tables below show the sensitivity of the Schemes' operating profit and net assets attributable to unitholders to foreign exchange risk. The reasonably possible movement in the risk variable has been determined based on management's best estimate, having regard to a number of factors, including the historical levels of changes in foreign exchange rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Schemes invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variable.

Ibbotson International Shares Active (Unhedged) Trust

Impact on operating profit / Net assets attributable to unitholders

	US Dollar		Euro	British Pound		Japanese Yen		Other		
	+10%	-10%		+10%	-10%	+10%	-10%	+10%	-10%	
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
30 June 2018	-	-	-	-	-	-	-	-	-	-
30 June 2017	43	(43)	-	-	-	-	-	-	20	(20)

Ibbotson Supplementary Opportunities Trust

Impact on operating profit / Net assets attributable to unitholders

	US Dollar		Euro	British Pound		Japanese Yen		Other		
	+10%	-10%		+10%	-10%	+10%	-10%	+10%	-10%	
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
30 June 2018	52	(52)	-	-	-	-	126	(126)	3	(3)
30 June 2017	1	(1)	-	-	-	-	88	(88)	3	(3)

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

	Morningstar International Shares (Unhedged) Fund											
	Impact on operating profit / Net assets attributable to unitholders											
	US Dollar		Euro		British Pound		Japanese Yen		Other			
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
30 June 2018	479	(479)	61	(61)	28	(28)	(67)	67	149	(149)		
30 June 2017	196	(196)	29	(29)	38	(38)	25	(25)	91	(91)		

	Morningstar International Shares High Opportunities (Unhedged) Fund											
	Impact on operating profit / Net assets attributable to unitholders											
	US Dollar		Euro		British Pound		Japanese Yen		Other			
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2018	667	(667)	21	(21)	8	(8)	25	(25)	42	(42)		
30 June 2017	(44)	44	(3)	3	(28)	28	(1)	1	(6)	6		

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 Schemes do not have significant exposure to interest rate risk as all of the Schemes' instruments are non-interest bearing.

Further details of the Schemes' investments in unit trusts are disclosed in Note 6 to the financial statements.

14 Financial risk management (continued)

(d) Market risk (continued)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Schemes' investment portfolio.

The effect of possible changes in market factors on the net assets attributable to unitholders and operating profit before distributions is represented by the trust's market beta relative to their market index, with all other variables held constant. The table below indicates the movement of the trust's net assets attributable to unitholders based on the movement in the index as per the table below:

	Ibbotson International Shares Active (Hedged) Trust		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2018	2,094	(2,094)	7,852	(7,852)	12,911	(12,911)	22,851	(22,851)
30 June 2017	1,381	(1,381)	10,138	(10,138)	11,789	(11,789)	17,693	(17,693)

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2018	23,946	(23,946)	46,831	(46,831)	54,322	(54,322)	13,046	(13,046)
30 June 2017	25,538	(25,538)	39,480	(39,480)	46,567	(46,567)	15,528	(15,528)

14 Financial risk management (continued)

(e) Fair value hierarchy

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

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

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

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

The table below sets out the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2018 and 30 June 2017.

	Ibbotson International Shares Active (Hedged) Trust							
	At 30 June 2018				At 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Equity securities	<u>19,337</u>	-	-	<u>19,337</u>	<u>12,789</u>	-	-	<u>12,789</u>
Total	<u>19,337</u>	-	-	<u>19,337</u>	<u>12,789</u>	-	-	<u>12,789</u>

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Ibbotson International Shares Active (Unhedged) Trust							
	At 30 June 2018				At 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Derivatives	-	2,476	-	2,476	-	3,360	-	3,360
Financial assets designated at fair value through profit or loss:								
Equity securities	162,222	-	-	162,222	165,519	3,528	-	169,047
Unlisted unit trusts	-	-	-	-	-	18,698	-	18,698
Total	162,222	2,476	-	164,698	165,519	25,586	-	191,105
Financial liabilities held for trading:								
Derivatives	-	1,847	-	1,847	-	170	-	170
Total	-	1,847	-	1,847	-	170	-	170
	At 30 June 2018				At 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Financial assets designated at fair value through profit or loss:								
Equity securities	74,645	-	-	74,645	61,480	-	-	61,480
Unlisted unit trusts	-	143,274	-	143,274	-	122,850	-	122,850
Listed unit trusts	56,198	-	-	56,198	51,455	-	-	51,455
Total	130,843	143,274	-	274,117	112,935	122,850	-	235,785

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Morningstar Australian Shares Fund							
	At 30 June 2018				At 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Derivatives	4	-	-	4	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	289,629	-	2	289,631	223,960	-	-	223,960
Listed unit trusts	<u>1,468</u>	<u>-</u>	<u>-</u>	<u>1,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>291,101</u>	<u>-</u>	<u>2</u>	<u>291,103</u>	<u>223,960</u>	<u>-</u>	<u>-</u>	<u>223,960</u>
Financial liabilities held for trading:								
Derivatives	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>

	Morningstar Australian Shares High Alpha Fund							
	At 30 June 2018				At 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Derivatives	49	-	-	49	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	260,094	-	67	260,161	191,702	-	-	191,702
Unlisted unit trusts	-	-	-	-	-	92,320	-	92,320
Listed unit trusts	<u>16,032</u>	<u>-</u>	<u>-</u>	<u>16,032</u>	<u>7,097</u>	<u>-</u>	<u>-</u>	<u>7,097</u>
Total	<u>276,175</u>	<u>-</u>	<u>67</u>	<u>276,242</u>	<u>198,799</u>	<u>92,320</u>	<u>-</u>	<u>291,119</u>
Financial liabilities held for trading:								
Derivatives	<u>-</u>	<u>265</u>	<u>-</u>	<u>265</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
Total	<u>-</u>	<u>265</u>	<u>-</u>	<u>265</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

Morningstar International Shares (Hedged) Fund								
	At 30 June 2018			At 30 June 2017				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading:								
Derivatives	-	7,069	-	7,069	-	15,849	-	15,849
Financial assets designated at fair value through profit or loss:								
Unlisted unit trusts	-	471,141	-	471,141	-	394,802	-	394,802
Total	-	478,210	-	478,210	-	410,651	-	410,651
Financial liabilities held for trading:								
Derivatives	-	10,978	-	10,978	-	7,110	-	7,110
Total	-	10,978	-	10,978	-	7,110	-	7,110
Morningstar International Shares (Unhedged) Fund								
	At 30 June 2018			At 30 June 2017				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading:								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	1,225,696	-	-	1,225,696	1,034,356	-	-	1,034,356
Listed unit trusts	531	-	-	531	476	-	-	476
Total	1,226,227	-	-	1,226,227	1,034,832	-	-	1,034,832
Financial liabilities held for trading:								
Derivatives	259	6	-	265	-	-	-	-
Total	259	6	-	265	-	-	-	-

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Morningstar International Shares High Opportunities (Unhedged) Fund							
	At 30 June 2018				At 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held for trading:								
Derivatives	-	3,992	-	3,992	-	7,482	-	7,482
Financial assets designated at fair value through profit or loss:								
Equity securities	235,498	-	-	235,498	275,367	12	-	275,379
Unlisted unit trusts	-	-	-	-	-	-	2	2
Listed unit trusts	<u>1,703</u>	<u>-</u>	<u>-</u>	<u>1,703</u>	<u>1,906</u>	<u>-</u>	<u>-</u>	<u>1,906</u>
Total	<u>237,201</u>	<u>3,992</u>	<u>-</u>	<u>241,193</u>	<u>277,273</u>	<u>7,494</u>	<u>2</u>	<u>284,769</u>
Financial liabilities								
Financial liabilities held for trading:								
Derivatives	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>

(i) Transfers between levels

The following tables present the transfers between levels for the year ended 30 June 2018 and 30 June 2017.

	Morningstar Australian Shares Fund					
	As at 30 June 2018			As at 30 June 2017		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000
Transfers between levels 1 and 2:						
Equity securities/Fixed interest securities	-	-	-	-	-	-
Transfers between levels 1 and 3:						
Equity securities/Fixed interest securities	(2)	-	2	-	-	-

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Morningstar Australian Shares High Alpha Fund					
	As at 30 June 2018			As at 30 June 2017		
	Level 1	Level 2	Level 3	Level 3	Level 3	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transfers between levels 1 and 2:						
Equity securities/Fixed interest securities	-	-	-	-	-	-
Transfers between levels 1 and 3:						
Equity securities/Fixed interest securities	(177)	-	177	-	-	-

(ii) Movement in level 3 instruments

The following table presents the movement in level 3 instruments for the year ended 30 June 2018 and 30 June 2017 by class of financial instrument.

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Debt securities						
Opening balance	-	2	-	3	2	18
Purchases	-	-	-	-	-	-
Sales	-	-	(89)	-	-	(12)
Transfers in to/out of level 3	-	(2)	177	(3)	-	2
Transfers into level 3 from level 1	2	-	-	-	-	-
Gains and losses recognised in profit or loss	-	-	(21)	-	(2)	(6)
Closing balance	<u>2</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total gains or losses for the year included in the statement of comprehensive income for the financial assets and liabilities held at the end of the year	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>(2)</u>	<u>(6)</u>

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active unlisted unit trusts, active listed equities, exchange traded derivatives, currency contracts, money market securities, government bonds and listed corporate debt.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include certain unlisted corporate debt and floating rate notes, warrants, swaps, certain unlisted unit trusts, and certain listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non transferability, which are generally based on available market information.

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

15 Performance fees

Performance fees paid and accrued are as follows:

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	2018	2017	2018	2017
	\$	\$	\$	\$
Performance fee	<u>1,665,945</u>	<u>3,480,140</u>	<u>110,400</u>	<u>24,546</u>

Performance fees for the Schemes are not paid/payable to the Responsible Entity. Performance fees form part of other expenses within the statement of comprehensive income.

16 Events subsequent to the reporting period

Ibbotson International Shares Active (Hedged) Trust has been renamed to Morningstar Global Shares Fund with effect from 13 July 2018. Other than this, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the statement of financial position as at 30 June 2018 or on the results and cash flows of the Schemes for the year ended on that date (2017: Nil).

17 Contingent assets and liabilities and commitments

There are no contingent assets and liabilities or commitments as at 30 June 2018 (2017: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 71 of Ibbotson International Shares Active (Hedged) Trust, Ibbotson International Shares Active (Unhedged) Trust, Ibbotson Supplementary Opportunities Trust, Morningstar Australian Shares Fund (formerly known as Ibbotson Australian Shares Active Trust), Morningstar Australian Shares High Alpha Fund, Morningstar International Shares (Hedged) Fund, Morningstar International Shares (Unhedged) Fund and Morningstar International Shares High Opportunities (Unhedged) Fund are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Schemes' financial position as at 30 June 2018 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a)
- (c) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable; and
- (d) the financial statements are in accordance with the provisions of the Schemes' Constitutions.

Signed in accordance with a resolution of the directors.

Director

Sydney

25 September 2018

Independent Auditor's Report to the unitholders of Morningstar Investment Funds - Series 2

Opinion

For the following Morningstar Investment Funds - Series 2 (the "Schemes"):

- ▶ Ibbotson International Shares Active (Hedged) Trust;
- ▶ Ibbotson International Shares Active (Unhedged) Trust;
- ▶ Ibbotson Supplementary Opportunities Trust;
- ▶ Morningstar Australian Shares Fund;
- ▶ Morningstar Australian Shares High Alpha Fund;
- ▶ Morningstar International Shares (Hedged) Fund;
- ▶ Morningstar International Shares (Unhedged) Fund; and
- ▶ Morningstar International Shares High Opportunities (Unhedged) Fund.

We have audited the financial reports of the Schemes, which comprises the statements of financial position as at 30 June 2018, the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements 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 reports of the Schemes are in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Schemes' financial position as at 30 June 2018 and of their 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 audits 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 Reports* section of our report. We are independent of the Schemes 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 audits of the financial reports 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 Reports and Auditor's Report Thereon

The directors of Morningstar Investment Management Australia Limited as the Responsible Entity of the Schemes (the "Responsible Entity") are responsible for the other information. The other information is the directors' report accompanying the financial reports.

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

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits 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 for the Financial Reports

The directors of the Responsible Entity are responsible for the preparation of financial reports that give 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 reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors of the Responsible Entity are responsible for assessing the Schemes' 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 Schemes or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 the financial report.

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

- ▶ Identify and assess the risks of material misstatement of the financial reports, 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 audits 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 Schemes' internal control.

Auditor's Responsibilities for the Audit of the Financial Reports (continued)

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ 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 Schemes' 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 reports 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 Schemes to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Mark Jones
Partner
Sydney
25 September 2018