

# **Morningstar Investment Funds - Series 2**

## **Annual report**

**For the year ended 30 June 2020**

# **Morningstar Investment Funds - Series 2**

## **Annual report - For the year ended 30 June 2020**

### **Morningstar Global Shares Fund**

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 2020

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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 Morningstar Global Shares Fund, 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 2020.

### **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 (2019: 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)

James Wickham (director)

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:

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net operating profit/(loss)	<u>1,187</u>	<u>3,203</u>	<u>(9,165)</u>	<u>8,735</u>	<u>(27,143)</u>	<u>13,829</u>	<u>(4,068)</u>	<u>21,765</u>
<b>Distributions - Class A</b>								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978</u>	<u>1,778</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.1393</u>	<u>4.4910</u>
<b>Distributions - Class B</b>								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,245</u>	<u>25,803</u>	<u>2,579</u>	<u>2,872</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9.4364</u>	<u>10.8479</u>	<u>3.1383</u>	<u>4.4214</u>
<b>Distributions - Class Z</b>								
Distribution paid and payable	<u>3,158</u>	<u>1,074</u>	<u>1,079</u>	<u>12,267</u>	<u>-</u>	<u>-</u>	<u>4,681</u>	<u>7,147</u>
Distribution (cents per unit)	<u>1.7432</u>	<u>8.9847</u>	<u>0.7327</u>	<u>7.7210</u>	<u>-</u>	<u>-</u>	<u>3.4592</u>	<u>4.8163</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 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Net operating profit/(loss)	<u>(6,743)</u>	<u>23,003</u>	<u>29,590</u>	<u>17,120</u>	<u>82,440</u>	<u>98,764</u>	<u>12,586</u>	<u>32,909</u>
<b>Distributions - Class A</b>								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>582</u>	<u>739</u>	<u>-</u>	<u>5</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.6144</u>	<u>7.3795</u>	<u>10.5155</u>	<u>-</u>	<u>0.2744</u>
<b>Distributions - Class B</b>								
Distribution paid and payable	<u>17,972</u>	<u>16,847</u>	<u>-</u>	<u>2,347</u>	<u>2,394</u>	<u>5,268</u>	<u>1,688</u>	<u>3,762</u>
Distribution (cents per unit)	<u>9.5919</u>	<u>8.9606</u>	<u>-</u>	<u>1.5988</u>	<u>6.9881</u>	<u>10.1562</u>	<u>27.0059</u>	<u>17.2729</u>
<b>Distributions - Class Z</b>								
Distribution paid and payable	<u>6,044</u>	<u>5,710</u>	<u>-</u>	<u>17,399</u>	<u>163,884</u>	<u>124,274</u>	<u>25,971</u>	<u>17,225</u>
Distribution (cents per unit)	<u>10.5105</u>	<u>9.7258</u>	<u>-</u>	<u>1.8897</u>	<u>22.6845</u>	<u>10.6824</u>	<u>30.5054</u>	<u>20.0547</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

No matter or circumstance has arisen since 30 June 2020 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 statements 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

28 September 2020



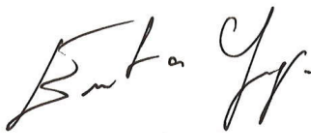
## Auditor's Independence Declaration to the Directors of Morningstar Investment Management Australia Limited, as Responsible Entity for Morningstar Investment Funds - Series 2

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

- ▶ Morningstar Global Shares Fund;
- ▶ 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 audit of the financial report of the above Schemes for the financial year ended 30 June 2020, 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



Elliott Shadforth  
Partner  
28 September 2020

**Morningstar Investment Funds - Series 2**  
**Statements of comprehensive income**  
**For the year ended 30 June 2020**

		<b>Morningstar Global Shares Fund</b>		<b>Ibbotson International Shares Active (Unhedged) Trust</b>		<b>Ibbotson Supplementary Opportunities Trust</b>		<b>Morningstar Australian Shares Fund</b>	
		<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>									
Interest income		-	-	-	2	-	3	1	2
Dividend income		342	405	3,684	5,625	2,442	1,789	9,590	12,459
Trust distributions		-	-	-	-	9,109	14,729	44	79
Change in fair value of financial instruments held at fair value through profit or loss	4	945	2,900	(12,258)	4,236	(35,955)	(809)	(12,933)	10,012
Other investment income		-	1	5	-	-	196	232	117
<b>Total investment income/(loss)</b>		<b>1,287</b>	<b>3,306</b>	<b>(8,569)</b>	<b>9,863</b>	<b>(24,404)</b>	<b>15,908</b>	<b>(3,066)</b>	<b>22,669</b>
<b>Expenses</b>									
Management fees		68	55	-	-	2,128	1,807	496	457
Transaction costs		14	6	87	128	152	90	232	153
Other operating expenses		18	42	509	1,000	459	182	274	294
<b>Total operating expenses</b>		<b>100</b>	<b>103</b>	<b>596</b>	<b>1,128</b>	<b>2,739</b>	<b>2,079</b>	<b>1,002</b>	<b>904</b>
<b>Net operating profit/(loss) attributable to unitholders before finance costs</b>		<b>1,187</b>	<b>3,203</b>	<b>(9,165)</b>	<b>8,735</b>	<b>(27,143)</b>	<b>13,829</b>	<b>(4,068)</b>	<b>21,765</b>
<b>Financing costs attributable to unitholders</b>									
Distributions to unitholders	10	(3,158)	(1,074)	(1,079)	(12,267)	(30,245)	(25,803)	(8,238)	(11,797)
(Increase)/decrease in net assets attributable to unitholders	5	1,971	(2,129)	10,244	3,532	57,388	11,974	12,306	(9,968)
<b>Net profit/(loss) attributable to unitholders after finance costs</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the financial year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 2020**

		<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares (Hedged) Fund</b>		<b>Morningstar International Shares (Unhedged) Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
		<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>									
Interest income		-	4	3	2	-	21	12	30
Dividend income		8,725	13,217	-	-	30,766	30,421	3,085	4,042
Trust distributions		477	709	24,115	55,216	138	65	92	63
Change in fair value of financial instruments held at fair value through profit or loss	4	(15,397)	10,277	5,830	(37,744)	53,634	68,859	9,978	29,774
Other investment income		<u>1,634</u>	<u>1,145</u>	<u>1</u>	<u>-</u>	<u>184</u>	<u>130</u>	<u>69</u>	<u>64</u>
<b>Total investment income/(loss)</b>		<b><u>(4,561)</u></b>	<b><u>25,352</u></b>	<b><u>29,949</u></b>	<b><u>17,474</u></b>	<b><u>84,722</u></b>	<b><u>99,496</u></b>	<b><u>13,236</u></b>	<b><u>33,973</u></b>
<b>Expenses</b>									
Management fees		1,615	1,662	359	354	221	321	289	385
Transaction costs		314	406	-	-	438	368	58	108
Other operating expenses		<u>253</u>	<u>281</u>	<u>-</u>	<u>-</u>	<u>1,623</u>	<u>43</u>	<u>303</u>	<u>571</u>
<b>Total operating expenses</b>		<b><u>2,182</u></b>	<b><u>2,349</u></b>	<b><u>359</u></b>	<b><u>354</u></b>	<b><u>2,282</u></b>	<b><u>732</u></b>	<b><u>650</u></b>	<b><u>1,064</u></b>
<b>Net operating profit/(loss) attributable to unitholders before finance costs</b>		<b><u>(6,743)</u></b>	<b><u>23,003</u></b>	<b><u>29,590</u></b>	<b><u>17,120</u></b>	<b><u>82,440</u></b>	<b><u>98,764</u></b>	<b><u>12,586</u></b>	<b><u>32,909</u></b>
<b>Financing costs attributable to unitholders</b>									
Distributions to unitholders	10	(24,016)	(22,557)	-	(19,807)	(166,860)	(130,281)	(27,659)	(20,992)
(Increase)/decrease in net assets attributable to unitholders	5	<u>30,759</u>	<u>(446)</u>	<u>(29,590)</u>	<u>2,687</u>	<u>84,420</u>	<u>31,517</u>	<u>15,073</u>	<u>(11,917)</u>
<b>Net profit/(loss) attributable to unitholders after finance costs</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the financial year</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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 2020**

		<b>Morningstar Global Shares Fund</b>		<b>Ibbotson International Shares Active (Unhedged) Trust</b>		<b>Ibbotson Supplementary Opportunities Trust</b>		<b>Morningstar Australian Shares Fund</b>	
		<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019
	<b>Note</b>	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Assets</b>									
Cash and cash equivalents	12(b)	<b>345</b>	344	<b>7,519</b>	2,788	<b>16,970</b>	3,059	<b>6,296</b>	5,889
Deposits held with brokers for margin		-	-	<b>678</b>	1,154	-	-	<b>1</b>	139
Due from brokers - receivable for securities sold		-	-	-	-	<b>455</b>	859	-	-
Receivables	3	<b>91</b>	68	<b>439</b>	688	<b>759</b>	612	<b>516</b>	173
Financial assets held at fair value through profit or loss	6	<u><b>13,941</b></u>	<u>19,015</u>	<u><b>66,706</b></u>	<u>128,634</u>	<u><b>338,622</b></u>	<u>303,252</u>	<u><b>303,166</b></u>	<u>243,188</u>
<b>Total assets</b>		<u><b>14,377</b></u>	<u>19,427</u>	<u><b>75,342</b></u>	<u>133,264</u>	<u><b>356,806</b></u>	<u>307,782</u>	<u><b>309,979</b></u>	<u>249,389</u>
<b>Liabilities</b>									
Distribution payable	10	-	-	-	-	-	-	<b>89</b>	927
Due to brokers - payable for securities purchased		-	-	<b>875</b>	-	<b>942</b>	728	<b>1,604</b>	-
Payables	9	<b>11</b>	19	<b>53</b>	181	<b>250</b>	239	<b>124</b>	148
Financial liabilities held at fair value through profit or loss	7	<u>-</u>	<u>-</u>	<u><b>2,234</b></u>	<u>1,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u><b>11</b></u>	<u>19</u>	<u><b>3,162</b></u>	<u>1,569</u>	<u><b>1,192</b></u>	<u>967</u>	<u><b>1,817</b></u>	<u>1,075</u>
<b>Net assets attributable to unitholders - liability</b>	5	<u><b>14,366</b></u>	<u>19,408</u>	<u><b>72,180</b></u>	<u>131,695</u>	<u><b>355,614</b></u>	<u>306,815</u>	<u><b>308,162</b></u>	<u>248,314</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 2020**

		<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares (Hedged) Fund</b>		<b>Morningstar International Shares (Unhedged) Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
		<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>									
Cash and cash equivalents	12(b)	<b>4,029</b>	3,552	<b>6,814</b>	1,716	<b>9,826</b>	9,368	<b>9,650</b>	10,166
Deposits held with brokers for margin		<b>188</b>	216	<b>650</b>	880	<b>1,720</b>	1,860	<b>1,723</b>	2,026
Due from brokers - receivable for securities sold		<b>512</b>	2,230	-	-	<b>631</b>	-	<b>251</b>	128
Receivables	3	<b>585</b>	1,424	<b>20</b>	8	<b>3,345</b>	3,726	<b>712</b>	699
Financial assets held at fair value through profit or loss	6	<b>241,914</b>	282,064	<b>282,740</b>	532,024	<b>537,564</b>	1,209,172	<b>175,860</b>	213,559
<b>Total assets</b>		<b>247,228</b>	289,486	<b>290,224</b>	534,628	<b>553,086</b>	1,224,126	<b>188,196</b>	226,578
<b>Liabilities</b>									
Distribution payable	10	-	-	-	5,270	<b>1,064</b>	1,725	-	-
Due to brokers - payable for securities purchased		<b>718</b>	1,107	-	-	<b>1,894</b>	-	<b>289</b>	697
Payables	9	<b>184</b>	2,347	<b>44</b>	28	<b>277</b>	533	<b>64</b>	353
Financial liabilities held at fair value through profit or loss	7	-	-	<b>6,854</b>	7,773	<b>60</b>	-	<b>24</b>	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>902</b>	3,454	<b>6,898</b>	13,071	<b>3,295</b>	2,258	<b>377</b>	1,050
<b>Net assets attributable to unitholders - liability</b>	5	<b>246,326</b>	286,032	<b>283,326</b>	521,557	<b>549,791</b>	1,221,868	<b>187,819</b>	225,528

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.

**Morningstar Investment Funds - Series 2**  
**Statements of cash flows**  
**For the year ended 30 June 2020**

	<b>Morningstar Global Shares Fund</b>		<b>Ibbotson International Shares Active (Unhedged) Trust</b>		<b>Ibbotson Supplementary Opportunities Trust</b>		<b>Morningstar Australian Shares Fund</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><i>Cash flows from operating activities</i></b>								
Transaction costs of financial instruments held at fair value through profit or loss	(14)	(6)	(87)	(128)	(152)	(90)	(232)	(153)
Dividends received	316	398	3,980	5,672	1,859	1,631	9,214	12,608
Trust distributions received	-	-	-	-	1,323	992	82	82
Interest received	-	-	3	-	-	3	1	2
Other income received	-	-	5	240	333	304	232	117
RITC received/(paid)	-	(1)	-	-	(9)	(2)	(5)	(2)
Management fees paid	(69)	(49)	-	-	(2,096)	(1,790)	(476)	(464)
Performance fees paid	-	-	-	-	-	-	-	-
Other expenses paid	(25)	(36)	(637)	(920)	(480)	(272)	(318)	(335)
<b><i>Net cash inflow/(outflow) from operating activities</i></b>	<b>12(a) 208</b>	<b>306</b>	<b>3,264</b>	<b>4,864</b>	<b>778</b>	<b>776</b>	<b>8,498</b>	<b>11,855</b>
<b><i>Cash flows from investing activities</i></b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	16,883	8,482	92,966	92,858	153,101	108,606	199,199	182,945
Purchase of financial instruments held at fair value through profit or loss	(10,890)	(5,286)	(41,272)	(54,412)	(214,830)	(124,968)	(270,368)	(125,250)
<b><i>Net cash inflow/(outflow) from investing activities</i></b>	<b>5,993</b>	<b>3,196</b>	<b>51,694</b>	<b>38,446</b>	<b>(61,729)</b>	<b>(16,362)</b>	<b>(71,169)</b>	<b>57,695</b>
<b><i>Cash flows from financing activities</i></b>								
Proceeds from applications by unitholders	2,587	251	3,500	-	142,427	38,380	152,191	33,200
Payments for redemptions by unitholders	(8,816)	(3,500)	(53,850)	(44,600)	(66,485)	(22,378)	(86,218)	(93,934)
Distributions paid	-	-	-	-	-	-	(2,895)	(3,458)
<b><i>Net cash inflow/(outflow) from financing activities</i></b>	<b>(6,229)</b>	<b>(3,249)</b>	<b>(50,350)</b>	<b>(44,600)</b>	<b>75,942</b>	<b>16,002</b>	<b>63,078</b>	<b>(64,192)</b>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>	<b>(28)</b>	<b>253</b>	<b>4,608</b>	<b>(1,290)</b>	<b>14,991</b>	<b>416</b>	<b>407</b>	<b>5,358</b>
Cash and cash equivalents at the beginning of the year	344	68	2,788	4,124	3,059	2,648	5,889	531
Effects of foreign currency exchange rate changes on cash and cash equivalents	29	23	123	(46)	(1,080)	(5)	-	-
<b><i>Cash and cash equivalents at the end of the year</i></b>	<b>12(b) 345</b>	<b>344</b>	<b>7,519</b>	<b>2,788</b>	<b>16,970</b>	<b>3,059</b>	<b>6,296</b>	<b>5,889</b>

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 2020**

	<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares (Hedged) Fund</b>		<b>Morningstar International Shares (Unhedged) Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><i>Cash flows from operating activities</i></b>								
Transaction costs of financial instruments held at fair value through profit or loss	(314)	(406)	-	-	(438)	(368)	(58)	(108)
Dividends received	9,001	12,321	-	-	31,030	29,625	3,024	4,051
Trust distributions received	605	609	-	-	137	64	94	63
Interest received	-	4	3	2	-	22	14	28
Other income received	70	123	1	-	184	130	69	64
RITC received/(paid)	7	-	(12)	(2)	(46)	1	3	-
Management fees paid	(1,636)	(1,651)	(343)	(354)	(229)	(331)	(314)	(388)
Performance fees paid	(509)	-	-	-	-	-	(210)	-
Other expenses paid	(322)	(1,330)	-	-	(1,871)	(252)	(357)	(417)
<b><i>Net cash inflow/(outflow) from operating activities</i></b>	<b>12(a) 6,902</b>	<b>9,670</b>	<b>(351)</b>	<b>(354)</b>	<b>28,767</b>	<b>28,891</b>	<b>2,265</b>	<b>3,293</b>
<b><i>Cash flows from investing activities</i></b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	193,087	301,197	447,248	64,202	1,172,542	438,486	98,096	240,139
Purchase of financial instruments held at fair value through profit or loss	(166,549)	(296,095)	(168,347)	(104,629)	(445,330)	(355,719)	(50,806)	(184,401)
<b><i>Net cash inflow/(outflow) from investing activities</i></b>	<b>26,538</b>	<b>5,102</b>	<b>278,901</b>	<b>(40,427)</b>	<b>727,212</b>	<b>82,767</b>	<b>47,290</b>	<b>55,738</b>
<b><i>Cash flows from financing activities</i></b>								
Proceeds from applications by unitholders	31,994	6,000	248,380	136,764	266,672	139,497	42,587	39,316
Payments for redemptions by unitholders	(64,957)	(24,835)	(516,201)	(94,037)	(906,403)	(248,402)	(92,882)	(100,008)
Distributions paid	-	-	(5,270)	(3,292)	(115,447)	(2,152)	-	(25)
<b><i>Net cash inflow/(outflow) from financing activities</i></b>	<b>(32,963)</b>	<b>(18,835)</b>	<b>(273,091)</b>	<b>39,435</b>	<b>(755,178)</b>	<b>(111,057)</b>	<b>(50,295)</b>	<b>(60,717)</b>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>	<b>477</b>	<b>(4,063)</b>	<b>5,459</b>	<b>(1,346)</b>	<b>801</b>	<b>601</b>	<b>(740)</b>	<b>(1,686)</b>
Cash and cash equivalents at the beginning of the year	3,552	7,615	1,716	3,062	9,368	8,522	10,166	11,509
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	(361)	-	(343)	245	224	343
<b><i>Cash and cash equivalents at the end of the year</i></b>	<b>12(b) 4,029</b>	<b>3,552</b>	<b>6,814</b>	<b>1,716</b>	<b>9,826</b>	<b>9,368</b>	<b>9,650</b>	<b>10,166</b>

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



## **1 General information**

These financial statements cover Morningstar Global Shares Fund, 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. The Attribution Managed Investment Trust (“AMIT”) regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. With its introduction, the Responsible Entity has amended the Scheme’s Constitution to allow the Scheme to operate as an AMIT, effective from 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions, however it is obligated to attribute taxable income to Unitholders for each financial year.

The financial statements were authorised for issue by the directors on 28 September 2020. 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 statements 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 comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

### **(b) Changes in accounting standards**

The Schemes have adopted all mandatory standards and amendments for the year beginning 1 July 2019. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Schemes.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that would be expected to have a material impact on the Funds. Since 1 July 2019, no standards have been issued, that are not yet effective, that would be expected to have a material impact on the Funds.

## 2 Summary of significant accounting policies (continued)

### (c) Financial instruments

#### (i) Classification

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

- Financial instruments held 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 held 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.
- Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification. 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 hold 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 as disclosed in Note 11 to the financial statements.

#### (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 statements of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

#### (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 financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from the changes in the fair value are presented in the statements of comprehensive income within 'Change in fair value of financial instruments at fair value through profit or loss' in the period in which they arise.

- 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.

## 2 Summary of significant accounting policies (continued)

### (c) Financial instruments (continued)

#### *(iii) Measurement (continued)*

##### *Financial assets and liabilities held at fair value through profit or loss (continued)*

- 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.

##### *Assessment of Schemes' investments as structured entities*

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Schemes.

The Responsible Entity has assessed whether the managed investment funds in which the Schemes invest in should be classified as structured entities. The Responsible Entity has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Responsible Entity has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

As voting rights or similar rights are the dominant factor in deciding who controls the funds, the Responsible Entity has concluded that the managed investment funds in which the Schemes invest in are not structured entities.

#### *(iv) Offsetting financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the statements 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 statements 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.

## 2 Summary of significant accounting policies (continued)

### (e) Cash and cash equivalents

For the purpose of presentation in the statements 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.

### (g) Investment income

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

Interest income is recognised in the statements 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 statements 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 statements of comprehensive income on an accrual basis.

### (i) Income tax

Under tax legislation, the Schemes are not liable to pay income tax because the AMIT tax regime now applies and unitholders are attributed 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 statements 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 statements of comprehensive income as finance costs attributable to unitholders.

## 2 Summary of significant accounting policies (continued)

### **(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.

### **(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 statements 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 in accordance with the policy set out in Note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

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

### **(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 statements 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.

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

### **(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 statements 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 statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

### **(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 and significant judgement**

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.

### 3 Receivables

	<b>Morningstar Global Shares Fund</b>		<b>Ibbotson International Shares Active (Unhedged) Trust</b>		<b>Ibbotson Supplementary Opportunities Trust</b>		<b>Morningstar Australian Shares Fund</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Dividends receivable	12	13	385	619	217	42	492	119
Unit trust distributions receivable	-	-	-	-	25	-	-	38
Interest receivable	-	-	-	3	-	-	-	-
Withholding tax reclaims receivable	77	53	50	62	471	200	3	-
RITC receivable	2	2	4	4	46	37	21	16
Other receivables	-	-	-	-	-	333	-	-
<b>Total receivables</b>	<b>91</b>	<b>68</b>	<b>439</b>	<b>688</b>	<b>759</b>	<b>612</b>	<b>516</b>	<b>173</b>

	<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares (Hedged) Fund</b>		<b>Morningstar International Shares (Unhedged) Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Dividends receivable	363	1,070	-	-	1,046	2,360	159	261
Unit trust distributions receivable	153	284	-	-	12	11	-	-
Interest receivable	-	-	-	-	-	-	14	16
Withholding tax reclaims receivable	35	29	-	-	2,225	1,339	532	412
RITC receivable	34	41	20	8	62	16	7	10
Other receivables	-	-	-	-	-	-	-	-
<b>Total receivables</b>	<b>585</b>	<b>1,424</b>	<b>20</b>	<b>8</b>	<b>3,345</b>	<b>3,726</b>	<b>712</b>	<b>699</b>

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial instruments</b>								
Net realised gain/(loss) on financial instruments held at fair value through profit or loss	2,940	710	(3,392)	7,328	20,639	10,245	7,489	12,439
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	(1,995)	2,190	(8,866)	(3,092)	(56,594)	(11,054)	(20,422)	(2,427)
Net gains/(losses) on financial instruments held at fair value through profit or loss	945	2,900	(12,258)	4,236	(35,955)	(809)	(12,933)	10,012
	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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial instruments</b>								
Net realised gain/(loss) on financial instruments held at fair value through profit or loss	13,440	7,828	11,198	(22,622)	135,713	89,585	25,136	39,238
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	(28,837)	2,449	(5,368)	(15,122)	(82,079)	(20,726)	(15,158)	(9,464)
Net gains/(losses) on financial instruments held at fair value through profit or loss	(15,397)	10,277	5,830	(37,744)	53,634	68,859	9,978	29,774



## 5 Net assets attributable to unitholders

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

<b>Morningstar Global Shares Fund</b>												
<b>Class A</b>				<b>Class B</b>				<b>Class Z</b>				
<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		
<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	
Opening balance	-	-	-	-	-	-	-	12,395	19,408	13,951	19,454	
Applications	-	-	-	-	-	-	-	1,649	2,587	168	251	
Redemptions	-	-	-	-	-	-	-	(5,351)	(8,816)	(2,414)	(3,500)	
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	2,423	3,158	690	1,074	
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	-	-	(1,971)	-	2,129	
Closing balance	-	-	-	-	-	-	-	11,116	14,366	12,395	19,408	

<b>Ibbotson International Shares Active (Unhedged) Trust</b>												
<b>Class A</b>				<b>Class B</b>				<b>Class Z</b>				
<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		
<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	
Opening balance	-	-	-	-	-	-	-	161,507	131,695	198,557	167,560	
Applications	-	-	-	-	-	-	-	4,274	3,500	-	-	
Redemptions	-	-	-	-	-	-	-	1,338	(53,850)	(51,826)	(44,600)	
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	(68,849)	1,079	14,776	12,267	
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	-	-	(10,244)	-	(3,532)	
Closing balance	-	-	-	-	-	-	-	98,270	72,180	161,507	131,695	

## 5 Net assets attributable to unitholders (continued)

<b>Ibbotson Supplementary Opportunities Trust</b>											
<b>Class A</b>				<b>Class B</b>				<b>Class Z</b>			
<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>	
<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>
Opening balance	-	-	-	-	257,479	306,815	222,956	276,984	-	-	-
Applications	-	-	-	-	127,530	142,427	31,456	38,380	-	-	-
Redemptions	-	-	-	-	(61,754)	(66,485)	(18,452)	(22,378)	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	29,411	30,245	21,519	25,803	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	(57,388)	-	(11,974)	-	-	-
Closing balance	-	-	-	-	352,666	355,614	257,479	306,815	-	-	-

<b>Morningstar Australian Shares Fund</b>											
<b>Class A</b>				<b>Class B</b>				<b>Class Z</b>			
<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>	
<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>	<b>No. '000</b>	<b>\$'000</b>
Opening balance	32,860	37,730	43,885	48,787	52,323	59,757	69,797	77,171	134,259	150,827	151,634
Applications	2,463	2,737	2,126	2,334	82,362	93,028	2,389	2,583	58,111	56,426	27,132
Redemptions	(6,532)	(7,221)	(13,305)	(14,771)	(8,973)	(9,429)	(22,517)	(25,358)	(62,102)	(69,568)	(49,293)
Units issued upon reinvestment of distributions	-	-	154	165	2,430	2,579	2,654	2,871	3,360	3,602	4,786
Increase/(decrease) in net assets attributable to unitholders	-	(2,308)	-	1,215	-	(9,121)	-	2,490	-	(877)	-
Closing balance	28,791	30,938	32,860	37,730	128,142	136,814	52,323	59,757	133,628	140,410	134,259

## 5 Net assets attributable to unitholders (continued)

Morningstar Australian Shares High Alpha Fund												
Class A					Class B				Class Z			
	30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	-	-	-	-	194,625	218,876	186,303	210,081	59,443	67,156	63,353	71,783
Applications	-	-	-	-	33,483	27,144	5,846	6,000	5,190	4,850	-	-
Redemptions	-	-	-	-	(47,882)	(55,330)	(12,674)	(14,725)	(8,300)	(9,627)	(9,029)	(10,110)
Units issued upon reinvestment of distributions	-	-	-	-	18,484	17,972	15,150	16,848	6,191	6,044	5,119	5,709
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	(21,477)	-	672	-	(9,282)	-	(226)
Closing balance	-	-	-	-	198,710	187,185	194,625	218,876	62,524	59,141	59,443	67,156

Morningstar International Shares (Hedged) Fund												
Class A					Class B				Class Z			
	30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	3,783	1,729	3,203	1,482	151,874	70,499	180,537	84,798	946,333	449,329	791,773	380,700
Applications	1,097	510	1,201	559	125,172	50,263	47,860	21,483	448,534	197,607	242,527	114,722
Redemptions	(1,547)	(710)	(696)	(318)	(37,597)	(17,142)	(81,576)	(38,847)	(1,050,295)	(498,349)	(113,547)	(54,872)
Units issued upon reinvestment of distributions	-	-	75	35	-	-	5,053	2,347	-	-	25,580	12,155
Increase/(decrease) in net assets attributable to unitholders	-	30	-	(29)	-	10,058	-	718	-	19,502	-	(3,376)
Closing balance	3,333	1,559	3,783	1,729	239,449	113,678	151,874	70,499	344,572	168,089	946,333	449,329

## 5 Net assets attributable to unitholders (continued)

	Morningstar International Shares (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	7,404	6,944	6,280	6,080	52,885	48,067	92,374	86,646	1,274,283	1,166,857	1,206,889	1,141,246
Applications	2,191	2,204	2,868	2,812	11,093	10,581	4,512	4,265	271,047	253,887	140,734	132,420
Redemptions	(1,742)	(1,691)	(2,130)	(2,045)	(33,544)	(30,640)	(49,743)	(47,374)	(1,030,604)	(874,072)	(206,307)	(198,983)
Units issued upon reinvestment of distributions	364	340	386	365	2,623	2,395	5,742	5,267	53,346	49,339	132,967	122,686
Increase/(decrease) in net assets attributable to unitholders	-	(203)	-	(268)	-	(757)	-	(737)	-	(83,460)	-	(30,512)
Closing balance	8,217	7,594	7,404	6,944	33,057	29,646	52,885	48,067	568,072	512,551	1,274,283	1,166,857

Morningstar International Shares High Opportunities (Unhedged) Fund												
Class A				Class B				Class Z				
30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019		
No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	
Opening balance	-	-	1,958	3,750	23,620	44,378	26,448	47,821	91,372	181,150	105,677	201,744
Applications	-	-	67	134	83	173	6,364	12,110	22,177	42,414	13,773	27,072
Redemptions	-	-	(2,026)	(3,795)	(17,763)	(33,245)	(11,193)	(21,727)	(29,451)	(59,637)	(36,768)	(74,486)
Units issued upon reinvestment of distributions	-	-	1	1	986	1,688	2,001	3,762	14,415	25,971	8,690	17,225
Increase/(decrease) in net assets attributable to unitholders	-	-	-	(90)	-	(1,243)	-	2,412	-	(13,830)	-	9,595
Closing balance	-	-	-	-	6,926	11,751	23,620	44,378	98,513	176,068	91,372	181,150

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets held at fair value through profit or loss</b>								
<b>Derivatives</b>								
Forward currency contracts	-	-	1,468	986	-	-	-	-
Australian share price index futures	-	-	-	-	-	-	-	30
International share price index futures	-	-	-	6	-	-	-	-
International exchange traded options	-	-	-	-	-	-	-	-
Total derivatives	-	-	1,468	992	-	-	-	30
<b>Equity securities</b>								
Australian equity securities listed on a prescribed stock exchange	-	-	-	-	33,523	-	301,693	241,832
International equity securities listed on a prescribed stock exchange	13,941	19,015	64,592	127,642	107,269	68,936	-	-
Total equity securities	13,941	19,015	64,592	127,642	140,792	68,936	301,693	241,832
<b>Unlisted unit trusts</b>								
Units in unlisted Australian equity trusts	-	-	-	-	148,732	159,003	-	-
Total unlisted unit trusts	-	-	-	-	148,732	159,003	-	-
<b>Listed unit trusts</b>								
Australian listed trusts	-	-	-	-	-	-	1,473	-
International listed trusts	-	-	646	-	45,984	75,313	-	-
Australian listed property trusts	-	-	-	-	3,114	-	-	1,326
International listed property trusts	-	-	-	-	-	-	-	-
Total listed unit trusts	-	-	646	-	49,098	75,313	1,473	1,326
<b>Total financial assets held at fair value through profit or loss</b>	<b>13,941</b>	<b>19,015</b>	<b>66,706</b>	<b>128,634</b>	<b>338,622</b>	<b>303,252</b>	<b>303,166</b>	<b>243,188</b>

## 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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets held at fair value through profit or loss</b>								
<b>Derivatives</b>								
Forward currency contracts	-	-	22,712	10,275	-	44	-	-
Australian share price index futures	9	9	-	-	-	-	-	122
International share price index futures	-	-	-	-	-	-	37	-
International exchange traded options	-	-	-	-	-	-	-	2,554
Total derivatives	9	9	22,712	10,275	-	44	37	2,676
<b>Equity securities</b>								
Australian equity securities listed on a prescribed stock exchange	228,628	263,748	-	-	-	-	2,335	3,129
International equity securities listed on a prescribed stock exchange	-	-	-	-	535,994	1,204,602	172,195	205,583
Total equity securities	228,628	263,748	-	-	535,994	1,204,602	174,530	208,712
<b>Unlisted unit trusts</b>								
Units in unlisted Australian equity trusts	-	-	260,028	521,749	-	-	-	-
Total unlisted unit trusts	-	-	260,028	521,749	-	-	-	-
<b>Listed unit trusts</b>								
Australian listed trusts	2,082	2,677	-	-	-	-	-	-
International listed trusts	-	-	-	-	494	947	25	53
Australian listed property trusts	11,195	15,630	-	-	-	-	-	-
International listed property trusts	-	-	-	-	1,076	3,579	1,268	2,118
Total listed unit trusts	13,277	18,307	-	-	1,570	4,526	1,293	2,171
<b>Total financial assets held at fair value through profit or loss</b>	<b>241,914</b>	<b>282,064</b>	<b>282,740</b>	<b>532,024</b>	<b>537,564</b>	<b>1,209,172</b>	<b>175,860</b>	<b>213,559</b>

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 International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities held at fair value through profit or loss</b>								
<b>Derivatives</b>								
Forward currency contracts	2,234	1,388	6,854	7,773	-	-	-	-
International share price index futures	-	-	-	-	60	-	24	-
Total derivatives	2,234	1,388	6,854	7,773	60	-	24	-
<b>Total financial liabilities held at fair value through profit or loss</b>	2,234	1,388	6,854	7,773	60	-	24	-

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

## 8 Remuneration of auditor

The auditor's remuneration for Morningstar Global Shares Fund 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.

	<b>Morningstar Global Shares Fund</b>		<b>Ibbotson International Shares Active (Unhedged) Trust</b>		<b>Ibbotson Supplementary Opportunities Trust</b>		<b>Morningstar Australian Shares Fund</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Ernst &amp; Young Australian firm</b>								
Audit of financial statements	-	-	45,885	18,141	12,171	10,480	18,775	19,382
Other services - Compliance plan audit	-	-	5,794	2,473	1,559	1,450	2,382	2,655
Total remuneration for audit and other assurance services	-	-	51,679	20,614	13,730	11,930	21,157	22,037
	<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares (Hedged) Fund</b>		<b>Morningstar International Shares (Unhedged) Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Ernst &amp; Young Australian firm</b>								
Audit of financial statements	18,071	19,776	-	-	23,626	24,502	16,278	19,458
Other services - Compliance plan audit	2,292	2,708	-	-	3,076	3,447	2,062	2,661
Total remuneration for audit and other assurance services	20,363	22,484	-	-	26,702	27,949	18,340	22,119



## 9 Payables

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fees payable	5	6	-	-	190	158	53	33
Custody fees payable	4	4	-	-	-	-	-	-
Other payables	2	9	53	181	60	81	71	115
Total Payables	11	19	53	181	250	239	124	148

	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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fees payable	124	145	44	28	12	20	8	33
Custody fees payable	5	4	-	-	7	5	-	-
Other payables	55	2,198	-	-	258	508	56	320
Total Payables	184	2,347	44	28	277	533	64	353

## 10 Distributions to unitholders

The distributions during the year were as follows:

<b>Morningstar Global Shares Fund</b>											
<b>Class A</b>				<b>Class B</b>				<b>Class Z</b>			
<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>	
<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid											
- September	-	-	-	-	-	-	-	30	0.2846	77	0.5446
- December	-	-	-	-	-	-	-	76	0.7046	40	0.3153
- March	-	-	-	-	-	-	-	16	0.1458	-	-
- June	-	-	-	-	-	-	-	3,036	0.6082	957	8.1248
	-	-	-	-	-	-	-	3,158	1.7432	1,074	8.9847

<b>Ibbotson International Shares Active (Unhedged) Trust</b>											
<b>Class A</b>				<b>Class B</b>				<b>Class Z</b>			
<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>		<b>30 June 2020</b>		<b>30 June 2019</b>	
<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid											
- September	-	-	-	-	-	-	-	1,079	0.7327	2,198	1.1265
- December	-	-	-	-	-	-	-	-	-	422	0.2306
- March	-	-	-	-	-	-	-	-	-	845	0.5238
- June	-	-	-	-	-	-	-	-	-	8,802	5.8401
	-	-	-	-	-	-	-	1,079	0.7327	12,267	7.7210

## 10 Distributions to unitholders (continued)

Ibbotson Supplementary Opportunities Trust												
Class A				Class B				Class Z				
30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019		
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distribution paid												
- September	-	-	-	-	1,835	0.7123	1,427	0.6306	-	-	-	-
- December	-	-	-	-	790	0.3041	1,067	0.4582	-	-	-	-
- March	-	-	-	-	1,145	0.3094	1,149	0.4832	-	-	-	-
- June	-	-	-	-	26,475	8.1106	22,160	9.2759	-	-	-	-
	-	-	-	-	30,245	9.4364	25,803	10.8479	-	-	-	-

Morningstar Australian Shares Fund												
Class A				Class B				Class Z				
30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019		
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distribution paid												
- September	400	1.2279	544	1.2508	633	1.2117	886	1.2484	1,631	1.2810	1,959	1.3114
- December	333	1.0712	447	1.0461	842	1.0833	719	1.0333	1,504	1.1516	1,808	1.1211
- March	187	0.6302	352	0.8693	863	0.6547	603	0.8572	1,149	0.7286	1,462	0.9415
- June	-	0.2010	-	-	241	0.1886	664	1.2825	366	0.2980	1,426	1.4423
Distribution payable												
- June	58	0.2010	435	1.3248	-	-	-	-	31	0.2980	492	1.4423
	978	3.1393	1,778	4.4910	2,579	3.1383	2,872	4.4214	4,681	3.4592	7,147	4.8163

## 10 Distributions to unitholders (continued)

Morningstar Australian Shares High Alpha Fund												
Class A				Class B				Class Z				
30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019		
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distribution paid												
- September	-	-	-	-	2,184	1.1219	2,106	1.1307	747	1.3027	800	1.1315
- December	-	-	-	-	1,720	0.8945	1,209	0.6231	608	1.1311	514	0.8348
- March	-	-	-	-	1,301	0.6812	3,291	1.6864	519	0.9030	1,084	1.8996
- June	-	-	-	-	12,767	6.8943	10,241	5.5204	4,170	7.1737	3,312	5.8599
	-	-	-	-	17,972	9.5919	16,847	8.9606	6,044	10.5105	5,710	9.7258
Morningstar International Shares (Hedged) Fund												
Class A				Class B				Class Z				
30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019		
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distribution paid												
- June	-	-	35	1.6144	-	-	2,347	1.5988	-	-	12,155	1.8897
Distribution payable												
- June	-	-	26	1.6144	-	-	-	-	-	-	5,244	1.8897
	-	-	61	1.6144	-	-	2,347	1.5988	-	-	17,399	1.8897

## 10 Distributions to unitholders (continued)

Morningstar International Shares (Unhedged) Fund												
Class A				Class B				Class Z				
	30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	39	0.5179	36	0.5056	265	0.5029	455	0.4989	7,271	0.5786	6,860	0.5779
- December	35	0.4294	21	0.3315	245	0.3994	307	0.3371	6,393	0.4952	5,224	0.4339
- March	14	0.1840	16	0.2263	17	0.0575	118	0.1896	3,695	0.2676	3,800	0.3070
- June	-	-	-	-	-	-	-	-	113,501	15.1411	-	-
- June	298	6.2482	331	9.4521	1,867	6.0283	4,388	9.1306	32,156	6.2020	107,000	9.3636
Distribution payable												
- June	196	6.2482	335	9.4521	-	-	-	-	868	6.2020	1,390	9.3636
	582	7.3795	739	10.5155	2,394	6.9881	5,268	10.1562	163,884	22.6845	124,274	10.6824

Morningstar International Shares High Opportunities (Unhedged) Fund												
Class A				Class B				Class Z				
	30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	-	-	5	0.2744	38	0.1606	52	0.2398	443	0.4983	693	0.6521
- December	-	-	-	-	59	0.2789	64	0.2976	645	0.7492	762	0.7181
- March	-	-	-	-	-	-	80	0.3199	511	0.5459	676	0.6661
- June	-	-	-	-	-	-	3,566	16.4156	-	-	15,094	18.0184
- June	-	-	-	-	1,591	26.5664	-	-	24,372	28.7120	-	-
	-	-	5	0.2744	1,688	27.0059	3,762	17.2729	25,971	30.5054	17,225	20.0547

## **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) 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:

<b>Ibbotson International Shares Active (Unhedged) Trust</b>						
<b>2020</b>			<b>2019</b>			
<b>Fair values</b>			<b>Fair values</b>			
<b>Contract/Notional</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract/Notional</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Buy</b>						
Forward currency contracts	264,839	1,468	(2,234)	325,846	986	(1,388)
International share price index futures	-	-	-	901	6	-
	<u>1,468</u>	<u>(2,234)</u>		<u>992</u>	<u>(1,388)</u>	
<b>Morningstar Australian Shares Fund</b>						
<b>2020</b>			<b>2019</b>			
<b>Fair values</b>			<b>Fair values</b>			
<b>Contract/Notional</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract/Notional</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Buy</b>						
Australian share price index futures	-	-	-	3,116	30	-
	<u>-</u>	<u>-</u>		<u>30</u>	<u>-</u>	
<b>Morningstar Australian Shares High Alpha Fund</b>						
<b>2020</b>			<b>2019</b>			
<b>Fair values</b>			<b>Fair values</b>			
<b>Contract/Notional</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract/Notional</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Buy</b>						
Australian share price index futures	1,620	9	-	1,148	9	-
	<u>9</u>	<u>-</u>		<u>9</u>	<u>-</u>	

## 11 Derivative financial instruments (continued)

<b>Morningstar International Shares (Hedged) Fund</b>						
<b>2020</b>			<b>2019</b>			
<b>Fair values</b>			<b>Fair values</b>			
<b>Contract/ Notional</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract/ Notional</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Buy</b>						
Forward currency contracts	2,258,857	22,712	(6,854)	2,620,559	10,275	(7,773)
	2,258,857	22,712	(6,854)		10,275	(7,773)
<b>Morningstar International Shares (Unhedged) Fund</b>						
<b>2020</b>			<b>2019</b>			
<b>Fair values</b>			<b>Fair values</b>			
<b>Contract/ Notional</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract/ Notional</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Buy</b>						
Forward currency contracts	371	-	-	-	-	-
International share price index futures	4,965	-	(60)	8,658	44	-
	5,336	-	(60)		44	-
<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>						
<b>2020</b>			<b>2019</b>			
<b>Fair values</b>			<b>Fair values</b>			
<b>Contract/ Notional</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract/ Notional</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Buy</b>						
Forward currency contracts	24	-	-	-	-	-
International share price index futures	5,977	37	(24)	6,041	122	-
International exchange traded options	-	-	-	-	2,554	-
	6,001	37	(24)		2,676	-

### Risk exposures and fair value measurements

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>								
Net operating profit/(loss)	1,187	3,203	(9,165)	8,735	(27,143)	13,829	(4,068)	21,765
Change in fair value of investments	(945)	(2,900)	12,258	(4,236)	35,955	809	12,933	(10,012)
(Increase)/decrease in receivables	(26)	(9)	299	284	(284)	(52)	(343)	150
Increase/(decrease) in payables	(8)	12	(128)	81	11	(73)	(24)	(48)
Trust distribution received/reinvested	-	-	-	-	(7,761)	(13,737)	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>208</b>	<b>306</b>	<b>3,264</b>	<b>4,864</b>	<b>778</b>	<b>776</b>	<b>8,498</b>	<b>11,855</b>
<b>(b) Components of cash and cash equivalents</b>								
Cash at bank	345	344	7,519	2,788	16,970	3,059	6,296	5,889
	345	344	7,519	2,788	16,970	3,059	6,296	5,889
<b>(c) Non-cash financing and investing activities</b>								
Reinvestment of unitholder distributions in the Schemes	(3,158)	(1,074)	(1,079)	(12,267)	(30,245)	(25,803)	(6,181)	(8,143)
Reinvestment of dividend and distribution income of the Schemes	-	-	-	-	(7,761)	(13,737)	-	-

## 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 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
<b>(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>								
Net operating profit/(loss)	(6,743)	23,003	29,590	17,120	82,440	98,764	12,586	32,909
Change in fair value of investments	15,397	(10,277)	(5,830)	37,744	(53,634)	(68,859)	(9,978)	(29,774)
(Increase)/decrease in receivables	839	(16)	(12)	(2)	217	(795)	(21)	59
Increase/(decrease) in payables	(2,163)	(2,084)	16	-	(256)	(219)	(289)	151
Trust distribution received/reinvested	(428)	(956)	(24,115)	(55,216)	-	-	(33)	(52)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6,902</b>	<b>9,670</b>	<b>(351)</b>	<b>(354)</b>	<b>28,767</b>	<b>28,891</b>	<b>2,265</b>	<b>3,293</b>
<b>(b) Components of cash and cash equivalents</b>								
Cash at bank	4,029	3,552	6,814	1,716	9,826	9,368	9,650	10,166
	4,029	3,552	6,814	1,716	9,826	9,368	9,650	10,166
<b>(c) Non-cash financing and investing activities</b>								
Reinvestment of unitholder distributions in the Schemes	(24,016)	(22,557)	-	(14,537)	(52,074)	(128,318)	(27,659)	(20,988)
Reinvestment of dividend and distribution income of the Schemes	(428)	(956)	(24,115)	(55,216)	-	-	(33)	(52)

## **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 Australian Parent Entity of the Responsible 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)

James Wickham (director)

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:

	<b>Morningstar Global Shares Fund</b>		<b>Ibbotson International Shares Active (Unhedged) Trust</b>		<b>Ibbotson Supplementary Opportunities Trust</b>		<b>Morningstar Australian Shares Fund</b>	
	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019
	\$'	\$'	\$'	\$'	\$'	\$'	\$'	\$'
Fees paid and payable to the Responsible Entity	<u>81,643</u>	<u>88,602</u>	<u>297,180</u>	<u>271,195</u>	<u>2,243,761</u>	<u>1,905,505</u>	<u>682,368</u>	<u>612,495</u>

	<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares (Hedged) Fund</b>		<b>Morningstar International Shares (Unhedged) Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019
	\$'	\$'	\$'	\$'	\$'	\$'	\$'	\$'
Fees paid and payable to the Responsible Entity	<u>216,346</u>	<u>781,702</u>	<u>359,219</u>	<u>353,925</u>	<u>1,014,168</u>	<u>948,784</u>	<u>687,640</u>	<u>552,978</u>

#### 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:

<b>Entity Name</b>	<b>Morningstar Global Shares Fund</b>					
	<b>30 June 2020</b>			<b>30 June 2019</b>		
	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>
	<b>000's units</b>	<b>%</b>	<b>\$'000</b>	<b>000's units</b>	<b>%</b>	<b>\$'000</b>
Morningstar Multi-Asset Real Return Fund	<u>11,114</u>	<u>99.98</u>	<u>3,157</u>	<u>12,260</u>	<u>98.91</u>	<u>1,063</u>
	<u>11,114</u>	<u>99.98</u>	<u>3,157</u>	<u>12,260</u>	<u>98.91</u>	<u>1,063</u>

## 13 Related party transactions (continued)

### Related party schemes' unitholdings (continued)

<b>Ibbotson International Shares Active (Unhedged) Trust</b>						
<b>30 June 2020</b>			<b>30 June 2019</b>			
<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	
<b>000's units</b>	<b>%</b>	<b>\$'000</b>	<b>000's units</b>	<b>%</b>	<b>\$'000</b>	
Ibbotson Supplementary Opportunities Trust	26,716	27.19	337	52,551	32.54	4,026
Ibbotson WS Dynamic Growth Trust (Active)	20,765	21.13	203	39,574	24.50	3,115
Morningstar Multi-Asset Real Return Fund	8,064	8.21	131	17,929	11.10	1,298
Morningstar Multi-Asset All Growth Fund	<u>42,725</u>	<u>43.47</u>	<u>408</u>	<u>51,454</u>	<u>31.86</u>	<u>3,828</u>
	<u>98,270</u>	<u>100.00</u>	<u>1,079</u>	<u>161,508</u>	<u>100.00</u>	<u>12,267</u>
<b>Morningstar Australian Shares Fund</b>						
<b>30 June 2020</b>			<b>30 June 2019</b>			
<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	
<b>000's units</b>	<b>%</b>	<b>\$'000</b>	<b>000's units</b>	<b>%</b>	<b>\$'000</b>	
Ibbotson WS Dynamic Growth Trust (Active)	60,698	20.89	2,245	76,986	35.08	4,058
Morningstar Multi-Asset All Growth Fund	46,520	16.01	1,113	23,207	10.58	1,049
Morningstar Multi Asset Real Return Fund	<u>15,851</u>	<u>5.46</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>123,069</u>	<u>42.36</u>	<u>3,601</u>	<u>100,193</u>	<u>45.66</u>	<u>5,107</u>
<b>Morningstar Australian Shares High Alpha Fund</b>						
<b>30 June 2020</b>			<b>30 June 2019</b>			
<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	
<b>000's units</b>	<b>%</b>	<b>\$'000</b>	<b>000's units</b>	<b>%</b>	<b>\$'000</b>	
Ibbotson WS Dynamic Growth Trust (Active)	43,139	16.51	4,135	39,827	15.68	3,880
Morningstar Multi-Asset All Growth Fund	<u>19,385</u>	<u>7.42</u>	<u>1,909</u>	<u>19,614</u>	<u>7.72</u>	<u>1,829</u>
	<u>62,524</u>	<u>23.93</u>	<u>6,044</u>	<u>59,441</u>	<u>23.40</u>	<u>5,709</u>

## 13 Related party transactions (continued)

### Related party schemes' unitholdings (continued)

<b>Morningstar International Shares (Hedged) Fund</b>					
<b>Entity Name</b>	<b>30 June 2020</b>			<b>30 June 2019</b>	
	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	<b>Number of units held</b>	<b>Distributions paid/payable by the Scheme</b>
	<b>000's units</b>	<b>%</b>	<b>\$'000</b>	<b>000's units</b>	<b>\$'000</b>
Morningstar International Shares Active ETF (Managed Fund)	188,339	32.07	-	-	-
Morningstar Multi-Asset Real Return Fund	-	-	-	15,583	283
	<u>188,339</u>	<u>32.07</u>	<u>-</u>	<u>15,583</u>	<u>283</u>
<b>Morningstar International Shares (Unhedged) Fund</b>					
<b>Entity Name</b>	<b>30 June 2020</b>			<b>30 June 2019</b>	
	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	<b>Number of units held</b>	<b>Distributions paid/payable by the Scheme</b>
	<b>000's units</b>	<b>%</b>	<b>\$'000</b>	<b>000's units</b>	<b>\$'000</b>
Ibbotson WS Dynamic Growth Trust (Active)	42,383	6.96	3,064	49,011	4,981
Morningstar International Shares (Hedged) Fund	288,123	47.28	24,115	569,534	55,216
Morningstar Multi-Asset All Growth Fund	60,403	9.91	4,085	34,020	3,265
	<u>390,909</u>	<u>64.15</u>	<u>31,264</u>	<u>652,565</u>	<u>63,462</u>
<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>					
<b>Entity Name</b>	<b>30 June 2020</b>			<b>30 June 2019</b>	
	<b>Number of units held</b>	<b>Interest held</b>	<b>Distributions paid/payable by the Scheme</b>	<b>Number of units held</b>	<b>Distributions paid/payable by the Scheme</b>
	<b>000's units</b>	<b>%</b>	<b>\$'000</b>	<b>000's units</b>	<b>\$'000</b>
Ibbotson WS Dynamic Growth Trust (Active)	13,475	12.78	3,596	15,648	2,910
Morningstar International Shares High Opportunities (Hedged) Fund	73,453	69.66	19,331	65,828	12,467
Morningstar Multi-Asset All Growth Fund	11,586	10.99	3,044	9,896	1,848
	<u>98,514</u>	<u>93.43</u>	<u>25,971</u>	<u>91,372</u>	<u>17,225</u>

### 13 Related party transactions (continued)

#### Key management personnel unitholdings

At 30 June 2020, no key management personnel held units in the Schemes (2019: Nil).

#### 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 (2019: Nil).

#### Investments

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

<b>Ibbotson Supplementary Opportunities Trust</b>							
<b>30 June 2020</b>				<b>30 June 2019</b>			
<b>Fund Name</b>	<b>Units held</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Distribution received/receivable</b>	<b>Units held</b>	<b>Fair value of investment</b>	<b>Distribution received/receivable</b>
	<b>000's Units</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>000's Units</b>	<b>\$'000</b>	<b>\$'000</b>
Ibbotson International Shares Active (Unhedged) Trust	26,716	19,612	27.19	336	52,551	42,816	4,026
Ibbotson International Shares (Unhedged) Trust	<u>36,083</u>	<u>129,119</u>	<u>30.92</u>	<u>7,425</u>	<u>25,018</u>	<u>116,187</u>	<u>9,711</u>
		<u>148,731</u>		<u>7,761</u>		<u>159,003</u>	<u>13,737</u>

<b>Morningstar International Shares (Hedged) Fund</b>							
<b>30 June 2020</b>				<b>30 June 2019</b>			
<b>Fund Name</b>	<b>Units held</b>	<b>Fair value of investment</b>	<b>Interest held</b>	<b>Distribution received/receivable</b>	<b>Units held</b>	<b>Fair value of investment</b>	<b>Distribution received/receivable</b>
	<b>000's Units</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>000's Units</b>	<b>\$'000</b>	<b>\$'000</b>
Morningstar International Shares (Unhedged) Fund	<u>288,123</u>	<u>260,028</u>	<u>47.28</u>	<u>24,115</u>	<u>569,534</u>	<u>521,750</u>	<u>55,216</u>
		<u>260,028</u>		<u>24,115</u>		<u>521,750</u>	<u>55,216</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 statements 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.

	Morningstar Global Shares Fund									
	30 June 2020					30 June 2019				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	11	-	-	-	11	19	-	-	-	19
Net assets attributable to unitholders	<u>14,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,366</u>	<u>19,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,408</u>
Total financial liabilities	<u>14,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,377</u>	<u>19,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,427</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)

<b>Ibbotson International Shares Active (Unhedged) Trust</b>										
30 June 2020						30 June 2019				
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	875	-	-	-	875	-	-	-	-	-
Payables	53	-	-	-	53	181	-	-	-	181
Financial liabilities held at fair value through profit or loss	2,186	48	-	-	2,234	1,290	98	-	-	1,388
Net assets attributable to unitholders	<u>72,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,180</u>	<u>131,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,695</u>
Total financial liabilities	<u>75,294</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>75,342</u>	<u>133,166</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>133,264</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 Foreign Exchange										
Inflow	189,288	75,551	-	-	264,839	202,616	123,230	-	-	325,846
(Outflow)	<u>(189,288)</u>	<u>(75,551)</u>	<u>-</u>	<u>-</u>	<u>(264,839)</u>	<u>(202,616)</u>	<u>(123,230)</u>	<u>-</u>	<u>-</u>	<u>(325,846)</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.

<b>Ibbotson Supplementary Opportunities Trust</b>										
30 June 2020						30 June 2019				
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	942	-	-	-	942	728	-	-	-	728
Payables	250	-	-	-	250	239	-	-	-	239
Net assets attributable to unitholders	<u>355,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,614</u>	<u>306,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,815</u>
Total financial liabilities	<u>356,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,806</u>	<u>307,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,782</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)

<b>Morningstar Australian Shares Fund</b>										
30 June 2020						30 June 2019				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution payable	89	-	-	-	89	927	-	-	-	927
Payables	124	-	-	-	124	148	-	-	-	148
Due to brokers - payable for securities purchased	1,604	-	-	-	1,604	-	-	-	-	-
Net assets attributable to unitholders	<u>308,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,162</u>	<u>248,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,314</u>
Total financial liabilities	<u>309,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,979</u>	<u>249,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,389</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.

<b>Morningstar Australian Shares High Alpha Fund</b>										
30 June 2020						30 June 2019				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Due to brokers - payable for securities purchased	718	-	-	-	718	1,107	-	-	-	1,107
Payables	184	-	-	-	184	2,347	-	-	-	2,347
Net assets attributable to unitholders	<u>246,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,326</u>	<u>286,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,032</u>
Total financial liabilities	<u>247,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,228</u>	<u>289,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,486</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 2020					30 June 2019				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution payable	-	-	-	-	-	5,270	-	-	-	5,270
Payables	44	-	-	-	44	28	-	-	-	28
Financial liabilities held at fair value through profit or loss	6,835	19	-	-	6,854	7,293	480	-	-	7,773
Net assets attributable to unitholders	<u>283,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,326</u>	<u>521,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521,557</u>
Total financial liabilities	<u>290,205</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>290,224</u>	<u>534,148</u>	<u>480</u>	<u>-</u>	<u>-</u>	<u>534,628</u>
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Forward Foreign Exchange										
Inflow	1,852,545	406,312	-	-	2,258,857	1,800,889	819,670	-	-	2,620,559
(Outflow)	<u>(1,852,545)</u>	<u>(406,312)</u>	<u>-</u>	<u>-</u>	<u>(2,258,857)</u>	<u>(1,800,889)</u>	<u>(819,670)</u>	<u>-</u>	<u>-</u>	<u>(2,620,559)</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 2020					30 June 2019				
	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	1,064	-	-	-	1,064	1,725	-	-	-	1,725
Distribution payable	277	-	-	-	277	533	-	-	-	533
Due to brokers - payable for securities purchased	1,894	-	-	-	1,894	-	-	-	-	-
Financial liabilities held at fair value through profit or loss	-	60	-	-	60	-	-	-	-	-
Net assets attributable to unitholders	<u>549,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,791</u>	<u>1,221,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,221,868</u>
Total financial liabilities	<u>553,026</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>553,086</u>	<u>1,224,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,126</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 Foreign Exchange										
Inflow	371	-	-	-	371	-	-	-	-	-
(Outflow)	<u>(371)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(371)</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 2020					30 June 2019				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	64	-	-	-	64	353	-	-	-	353
Due to brokers - payable for securities purchased	289	-	-	-	289	697	-	-	-	697
Financial liabilities held at fair value through profit or loss	-	24	-	-	24	-	-	-	-	-
Net assets attributable to unitholders	<u>187,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,819</u>	<u>225,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,528</u>
Total financial liabilities	<u>188,172</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>188,196</u>	<u>226,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,578</u>
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Forward Foreign Exchange										
Inflow	24	-	-	-	24	289	-	-	-	289
(Outflow)	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>(289)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(289)</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.

## 14 Financial risk management (continued)

### (d) Market risk (continued)

#### *Currency risk (continued)*

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

The table below indicates the currencies to which the Schemes had significant exposure at 30 June 2020 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.

		Morningstar Global Shares Fund				
30 June 2020		US Dollar A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents		7	21	22	26	76
Receivables		10	19	6	53	88
<b>Total assets</b>		<b>17</b>	<b>40</b>	<b>28</b>	<b>79</b>	<b>164</b>
<b>Liabilities</b>		-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		-	-	-	-	-
30 June 2019		Morningstar Global Shares Fund				
		US Dollar A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents		40	13	31	17	101
Receivables		8	13	8	37	66
<b>Total assets</b>		<b>48</b>	<b>26</b>	<b>39</b>	<b>54</b>	<b>167</b>
<b>Liabilities</b>		-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		-	-	-	-	-

## 14 Financial risk management (continued)

### (d) Market risk (continued)

#### Currency risk (continued)

Ibbotson International Shares Active (Unhedged) Trust						
	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>30 June 2020</b>						
<b>Assets</b>						
Cash and cash equivalents	935	-	-	-	140	1,075
Deposits held with brokers for margin*	(421)	-	-	-	160	(261)
Receivables	42	-	-	-	393	435
<b>Total assets</b>	<b>556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>693</b>	<b>1,249</b>
<b>Liabilities</b>						
Due to brokers payable for securities purchased	647	-	-	-	228	875
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228</b>	<b>875</b>
Ibbotson International Shares Active (Unhedged) Trust						
<b>30 June 2019</b>						
<b>Assets</b>						
Cash and cash equivalents*	(43)	-	-	-	287	244
Receivables	51	-	-	-	631	682
<b>Total assets</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>918</b>	<b>926</b>
<b>Liabilities</b>						
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*The balances are disclosed separately by currency in the currency exposure table and are aggregated in the statements of financial position.



## 14 Financial risk management (continued)

### (d) Market risk (continued)

#### Currency risk (continued)

Ibbotson Supplementary Opportunities Trust						
30 June 2020	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	13,824	-	-	1,373	-	15,197
Due from brokers - receivable for securities sold	-	-	-	455	-	455
Receivables	550	-	-	28	-	578
<b>Total assets</b>	<b>14,374</b>	<b>-</b>	<b>-</b>	<b>1,856</b>	<b>-</b>	<b>16,230</b>
<b>Liabilities</b>						
Due to brokers payable for securities purchased	-	-	-	942	-	942
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>942</b>	<b>-</b>	<b>942</b>

Ibbotson Supplementary Opportunities Trust						
30 June 2019	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	340	-	-	1,015	-	1,355
Receivables	177	-	-	42	23	242
Due from brokers - receivable for securities sold	-	-	-	859	-	859
<b>Total assets</b>	<b>517</b>	<b>-</b>	<b>-</b>	<b>1,916</b>	<b>23</b>	<b>2,456</b>
<b>Liabilities</b>						
Due to brokers payable for securities purchased	-	-	-	728	-	728
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>728</b>	<b>-</b>	<b>728</b>

## 14 Financial risk management (continued)

### (d) Market risk (continued)

#### Currency risk (continued)

Morningstar International Shares (Hedged) Fund						
30 June 2020	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	<u>12</u>	-	-	-	-	<u>12</u>
<b>Total assets</b>	<u>12</u>	-	-	-	-	<u>12</u>
<b>Liabilities</b>						
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	-	-	-	-	-	-
Morningstar International Shares (Hedged) Fund						
30 June 2019	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	<u>7</u>	-	-	-	-	<u>7</u>
<b>Total assets</b>	<u>7</u>	-	-	-	-	<u>7</u>
<b>Liabilities</b>						
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	-	-	-	-	-	-

## 14 Financial risk management (continued)

### (d) Market risk (continued)

#### Currency risk (continued)

30 June 2020	Morningstar International Shares (Unhedged) Fund					
	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	2,963	5	1	1,393	382	4,744
Deposits held with brokers for margin*	2,772	534	291	6	-	3,603
Due from brokers - receivable for securities sold	-	-	-	-	631	631
Receivables	<u>1,067</u>	<u>417</u>	<u>8</u>	<u>278</u>	<u>1,513</u>	<u>3,283</u>
<b>Total assets</b>	<u>6,802</u>	<u>956</u>	<u>300</u>	<u>1,677</u>	<u>2,526</u>	<u>12,261</u>
<b>Liabilities</b>	-	-	-	-	-	-
Due to brokers payable for securities purchased	<u>1,087</u>	-	-	<u>807</u>	-	<u>1,894</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<u>1,087</u>	-	-	<u>807</u>	-	<u>1,894</u>

30 June 2019	Morningstar International Shares (Unhedged) Fund					
	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	1,881	306	79	2,544	601	5,411
Receivables	<u>996</u>	<u>557</u>	<u>90</u>	<u>550</u>	<u>1,518</u>	<u>3,711</u>
<b>Total assets</b>	<u>2,877</u>	<u>863</u>	<u>169</u>	<u>3,094</u>	<u>2,119</u>	<u>9,122</u>
<b>Liabilities</b>	-	-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	-	-	-	-	-	-

\*The balances are disclosed separately by currency in the currency exposure table and are aggregated in the statements of financial position.

## 14 Financial risk management (continued)

### (d) Market risk (continued)

#### Currency risk (continued)

Morningstar International Shares High Opportunities (Unhedged) Fund						
30 June 2020	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	4,197	4	-	108	134	4,443
Deposits held with brokers for margin*	2,474	-	-	-	-	2,474
Due from brokers - receivable for securities sold	229	-	5	11	5	250
Receivables	<u>233</u>	<u>116</u>	<u>14</u>	<u>23</u>	<u>316</u>	<u>702</u>
<b>Total assets</b>	<u>7,133</u>	<u>120</u>	<u>19</u>	<u>142</u>	<u>455</u>	<u>7,869</u>
<b>Liabilities</b>						
Due to brokers payable for securities purchased	<u>158</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>123</u>	<u>289</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<u>158</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>123</u>	<u>289</u>

Morningstar International Shares High Opportunities (Unhedged) Fund						
30 June 2019	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
<b>Assets</b>						
Cash and cash equivalents	5,134	2	13	349	363	5,861
Due from brokers - receivable for securities sold	-	-	-	114	14	128
Receivables	<u>126</u>	<u>183</u>	<u>42</u>	<u>28</u>	<u>305</u>	<u>684</u>
<b>Total assets</b>	<u>5,260</u>	<u>185</u>	<u>55</u>	<u>491</u>	<u>682</u>	<u>6,673</u>
<b>Liabilities</b>						
Due to brokers payable for securities purchased	<u>(379)</u>	<u>(100)</u>	<u>(40)</u>	<u>(115)</u>	<u>(63)</u>	<u>(697)</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<u>(379)</u>	<u>(100)</u>	<u>(40)</u>	<u>(115)</u>	<u>(63)</u>	<u>(697)</u>

\*The balances are disclosed separately by currency in the currency exposure table and are aggregated in the statements of financial position.

## 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.

<b>Ibbotson Supplementary Opportunities Trust</b>										
<b>Impact on operating profit / Net assets attributable to unitholders</b>										
	<b>US Dollar</b>		<b>Euro</b>		<b>British Pound</b>		<b>Japanese Yen</b>		<b>Other</b>	
	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30 June 2020</b>	<b>1,437</b>	<b>(1,437)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91</b>	<b>(91)</b>	<b>-</b>	<b>-</b>
30 June 2019	52	(52)	-	-	-	-	119	(119)	-	-

<b>Morningstar International Shares (Unhedged) Fund</b>										
<b>Impact on operating profit/Net assets attributable to unitholders</b>										
	<b>US Dollar</b>		<b>Euro</b>		<b>British Pound</b>		<b>Japanese Yen</b>		<b>Other Currencies</b>	
	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30 June 2020</b>	<b>571</b>	<b>(571)</b>	<b>96</b>	<b>(96)</b>	<b>30</b>	<b>(30)</b>	<b>87</b>	<b>(87)</b>	<b>253</b>	<b>(253)</b>
30 June 2019	288	(288)	86	(86)	17	(17)	309	(309)	212	(212)

<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>										
<b>Impact on operating profit/Net assets attributable to unitholders</b>										
	<b>US Dollar</b>		<b>Euro</b>		<b>British Pound</b>		<b>Japanese Yen</b>		<b>Other Currencies</b>	
	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30 June 2020</b>	<b>627</b>	<b>(627)</b>	<b>12</b>	<b>(12)</b>	<b>2</b>	<b>(2)</b>	<b>14</b>	<b>(14)</b>	<b>33</b>	<b>(33)</b>
30 June 2019	448	(448)	8	(8)	1	(1)	38	(38)	62	(62)

## 14 Financial risk management (continued)

### (d) Market risk (continued)

#### *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.

#### *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 table below indicates the movement of the trusts' net assets attributable to unitholders based on the movement in the value of the underlying securities as per the table below:

	Morningstar Global Shares Fund		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
<b>30 June 2020</b>	<b>1,506</b>	<b>(1,506)</b>	<b>3,392</b>	<b>(3,392)</b>	<b>17,270</b>	<b>(17,270)</b>	<b>25,466</b>	<b>(25,466)</b>
30 June 2019	2,059	(2,059)	6,320	(6,320)	14,517	(14,517)	18,156	(18,156)

	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
<b>30 June 2020</b>	<b>21,530</b>	<b>(21,530)</b>	<b>25,223</b>	<b>(25,223)</b>	<b>24,190</b>	<b>(24,190)</b>	<b>9,846</b>	<b>(9,846)</b>
30 June 2019	23,319	(23,319)	51,435	(51,435)	55,738	(55,738)	11,872	(11,872)

## 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 2020 and 30 June 2019.

	Morningstar Global Shares Fund							
	At 30 June 2020				At 30 June 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held at fair value through profit or loss:								
Equity securities	<u>13,941</u>	<u>-</u>	<u>-</u>	<u>13,941</u>	<u>19,015</u>	<u>-</u>	<u>-</u>	<u>19,015</u>
<b>Total</b>	<u>13,941</u>	<u>-</u>	<u>-</u>	<u>13,941</u>	<u>19,015</u>	<u>-</u>	<u>-</u>	<u>19,015</u>

## 14 Financial risk management (continued)

### (e) Fair value hierarchy (continued)

Ibbotson International Shares Active (Unhedged) Trust								
At 30 June 2020				At 30 June 2019				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets held at fair value through profit or loss:								
Derivatives	-	1,468	-	1,468	6	986	-	992
Equity securities	64,592	-	-	64,592	127,642	-	-	127,642
Listed unit trusts	646	-	-	646	-	-	-	-
<b>Total</b>	<b>65,238</b>	<b>1,468</b>	<b>-</b>	<b>66,706</b>	<b>127,648</b>	<b>986</b>	<b>-</b>	<b>128,634</b>
<b>Financial liabilities</b>								
Financial liabilities held at fair value through profit or loss:								
Derivatives	-	2,234	-	2,234	-	1,388	-	1,388
<b>Total</b>	<b>-</b>	<b>2,234</b>	<b>-</b>	<b>2,234</b>	<b>-</b>	<b>1,388</b>	<b>-</b>	<b>1,388</b>

Ibbotson Supplementary Opportunities Trust								
At 30 June 2020				At 30 June 2019				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets held at fair value through profit or loss:								
Equity securities	140,792	-	-	140,792	68,936	-	-	68,936
Unlisted unit trusts	-	148,732	-	148,732	-	159,003	-	159,003
Listed unit trusts	49,098	-	-	49,098	75,313	-	-	75,313
<b>Total</b>	<b>189,890</b>	<b>148,732</b>	<b>-</b>	<b>338,622</b>	<b>144,249</b>	<b>159,003</b>	<b>-</b>	<b>303,252</b>



## 14 Financial risk management (continued)

### (e) Fair value hierarchy (continued)

Morningstar Australian Shares Fund								
	At 30 June 2020				At 30 June 2019			
	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 at fair value through profit or loss:								
Derivatives	-	-	-	-	30	-	-	30
Equity securities	301,693	-	-	301,693	241,832	-	-	241,832
Listed unit trusts	1,473	-	-	1,473	1,326	-	-	1,326
Total	303,166	-	-	303,166	243,188	-	-	243,188

Morningstar Australian Shares High Alpha Fund								
	At 30 June 2020				At 30 June 2019			
	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 at fair value through profit or loss:								
Derivatives	9	-	-	9	9	-	-	9
Equity securities	228,628	-	-	228,628	263,748	-	-	263,748
Listed unit trusts	13,277	-	-	13,277	18,307	-	-	18,307
Total	241,914	-	-	241,914	282,064	-	-	282,064

## 14 Financial risk management (continued)

### (e) Fair value hierarchy (continued)

#### Morningstar International Shares (Hedged) Fund

	At 30 June 2020				At 30 June 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held at fair value through profit or loss:								
Derivatives	-	22,712	-	22,712	-	10,275	-	10,275
Unlisted unit trusts	-	260,028	-	260,028	-	521,749	-	521,749
<b>Total</b>	-	282,740	-	282,740	-	532,024	-	532,024
<b>Financial liabilities</b>								
Financial liabilities held at fair value through profit or loss:								
Derivatives	-	6,854	-	6,854	-	7,773	-	7,773
<b>Total</b>	-	6,854	-	6,854	-	7,773	-	7,773

#### Morningstar International Shares (Unhedged) Fund

	At 30 June 2020				At 30 June 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held at fair value through profit or loss:								
Derivatives	-	-	-	-	44	-	-	44
Equity securities	535,994	-	-	535,994	1,204,602	-	-	1,204,602
Listed unit trusts	1,570	-	-	1,570	4,526	-	-	4,526
<b>Total</b>	537,564	-	-	537,564	1,209,172	-	-	1,209,172
<b>Financial liabilities</b>								
Financial liabilities held at fair value through profit or loss:								
Derivatives	60	-	-	60	-	-	-	-
<b>Total</b>	60	-	-	60	-	-	-	-

## 14 Financial risk management (continued)

### (e) Fair value hierarchy (continued)

#### Morningstar International Shares High Opportunities (Unhedged) Fund

	At 30 June 2020				At 30 June 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets held at fair value through profit or loss:								
Derivatives	37	-	-	37	122	2,554	-	2,676
Equity securities	174,526	-	4	174,530	208,712	-	-	208,712
Listed unit trusts	1,293	-	-	1,293	2,171	-	-	2,171
<b>Total</b>	<b>175,856</b>	<b>-</b>	<b>4</b>	<b>175,860</b>	<b>211,005</b>	<b>2,554</b>	<b>-</b>	<b>213,559</b>
Derivatives	24	-	-	24	-	-	-	-
Total	24	-	-	24	-	-	-	-

#### (i) Transfers between levels

The following tables present the transfers between levels for the year ended 30 June 2020 and 30 June 2019.

	Morningstar International Shares High Opportunities (Unhedged) Fund					
	At 30 June 2020			At 30 June 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2020</b>						
Transfers between levels 1 and 3:						
Listed Equity securities	(4)	-	4	-	-	-

## 14 Financial risk management (continued)

### (e) Fair value hierarchy (continued)

#### (ii) Movement in level 3 instruments

The following table presents the movement in level 3 instruments for the year ended 30 June 2020 and 30 June 2019 by class of financial instrument.

	<b>Morningstar Australian Shares Fund</b>		<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Debt securities</b>						
Opening balance	-	2	-	67	-	-
Transfers in to/out of level 3	-	-	-	(95)	-	-
Transfers into level 3 from level 1	-	-	-	-	4	-
Gains and losses recognised in profit or loss	-	(2)	-	28	-	-
Closing balance	-	-	-	-	4	-

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:

	<b>Morningstar Australian Shares High Alpha Fund</b>		<b>Morningstar International Shares High Opportunities (Unhedged) Fund</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening Performance fees accrual	<b>2,072,909</b>	4,129,619	<b>189,640</b>	-
Performance fee expense/(income)	<b>(1,563,871)</b>	(1,045,635)	<b>20,712</b>	189,640
Performance fees paid	<b>(509,038)</b>	(1,011,075)	<b>(210,352)</b>	-
Closing Performance fees accrual	-	2,072,909	-	189,640

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

No significant events have occurred since the reporting period which would impact on the financial position of the Schemes disclosed in the statement of financial position as at 30 June 2020 or on the results and cash flows of the Schemes for the year ended on that date (2019: Nil).

## 17 Contingent assets and liabilities and commitments

There are no contingent assets and liabilities or commitments as at 30 June 2020 (2019: 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 66 of Morningstar Global Shares Fund, 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 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 2020 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, and other mandatory professional reporting requirements.
- (b) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Director

Sydney

28 September 2020

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

### Opinion

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

- Morningstar Global Shares Fund;
- 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 comprise the statements of financial position as at 30 June 2020, 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 2020 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.



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

- ▶ 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.
- ▶ 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



Elliott Shadforth  
Partner  
Sydney  
28 September 2020