

Morningstar Investment Funds - Series 2

Annual report

For the year ended 30 June 2023

Morningstar Investment Funds - Series 2

Annual report - For the year ended 30 June 2023

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 2023

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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 2023.

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 (2022: Nil).

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

On 30 November 2020, Ibbotson International Shares Active (Unhedged) Trust effectively disposed all of its assets in the Scheme. The Responsible Entity intends to keep the Scheme open and will make a decision regarding its future operations and objectives. Other than this, there were no other significant changes in the nature of the Schemes' activities.

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:

Christopher Galloway (director)

James Wickham (director) (resigned 31 May 2023)

James Downing (director)

Joanne Brady (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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
Net operating profit/(loss)	<u>3,374,647</u>	<u>(5,925,855)</u>	<u>-</u>	<u>-</u>	<u>40,598</u>	<u>8,926</u>	<u>45,376</u>	<u>(62,238)</u>
Distributions - Class A								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239</u>	<u>1,354</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.2280</u>	<u>5.3843</u>
Distributions - Class B								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,487</u>	<u>61,546</u>	<u>5,521</u>	<u>6,673</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.2027</u>	<u>25.0848</u>	<u>5.0923</u>	<u>5.2204</u>
Distributions - Class Z								
Distribution paid and payable	<u>193,481</u>	<u>2,182,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,198</u>	<u>7,654</u>
Distribution (cents per unit)	<u>1.1650</u>	<u>8.5132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.4671</u>	<u>5.5973</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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net operating profit/(loss)	<u>41,697</u>	<u>(26,699)</u>	<u>49,871</u>	<u>(32,139)</u>	<u>149,360</u>	<u>(64,936)</u>	<u>43,977</u>	<u>(34,749)</u>
Distributions - Class A								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>136</u>	<u>37</u>	<u>892</u>	<u>535</u>	<u>-</u>	<u>-</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>3.2410</u>	<u>1.0562</u>	<u>8.6621</u>	<u>1.3330</u>	<u>-</u>	<u>-</u>
Distributions - Class B								
Distribution paid and payable	<u>19,524</u>	<u>21,139</u>	<u>2,979</u>	<u>1,115</u>	<u>2,970</u>	<u>811</u>	<u>1,682</u>	<u>909</u>
Distribution (cents per unit)	<u>8.5944</u>	<u>10.5448</u>	<u>3.2564</u>	<u>0.9761</u>	<u>8.3844</u>	<u>1.1938</u>	<u>7.3290</u>	<u>28.0574</u>
Distributions - Class Z								
Distribution paid and payable	<u>2,874</u>	<u>8,165</u>	<u>18,250</u>	<u>5,972</u>	<u>50,653</u>	<u>39,238</u>	<u>8,507</u>	<u>35,488</u>
Distribution (cents per unit)	<u>9.4129</u>	<u>11.4529</u>	<u>3.5479</u>	<u>1.2982</u>	<u>8.7952</u>	<u>1.5279</u>	<u>8.6824</u>	<u>31.5689</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 2023 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

20 September 2023



Building a better
working world

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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 2023, 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;
- b) No contraventions of any applicable code of professional conduct in relation to the audit; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Elliott Shadforth
Partner
20 September 2023

Morningstar Investment Funds - Series 2
Statements of comprehensive income
For the year ended 30 June 2023

	Note	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income		2,026	-	-	-	-	-	21	-
Dividend income		398,996	731,971	-	-	2,581	3,294	13,364	15,949
Trust distributions		-	-	-	-	7,823	19,398	411	271
Changes in fair value of financial instruments held at fair value through profit or loss	4	3,194,085	(6,340,879)	-	-	32,333	(11,340)	32,449	(77,166)
Other investment income		72	-	-	-	37	143	94	31
Fee rebates from related schemes		-	-	-	-	49	-	-	-
Total investment income/(loss)		3,595,179	(5,608,908)	-	-	42,823	11,495	46,339	(60,915)
Expenses									
Management fees	13	74,860	180,514	-	-	1,875	1,984	581	764
Custody fees	13	12,957	44,464	-	-	159	127	243	218
Audit and tax fees	13	-	15,206	-	-	11	12	18	29
Transaction costs		20,671	22,347	-	-	71	110	68	153
Withholding tax expense		98,117	2,440	-	-	-	-	-	-
Performance fees	13	-	-	-	-	-	-	-	-
Other operating expenses borne by Responsible Entity	13	13,927	23,290	-	-	74	46	38	105
Other operating expenses		-	28,686	-	-	35	290	15	54
Total operating expenses		220,532	316,947	-	-	2,225	2,569	963	1,323
Net operating profit/(loss) attributable to unitholders before finance costs		3,374,647	(5,925,855)	-	-	40,598	8,926	45,376	(62,238)
Financing costs attributable to unitholders									
Distributions to unitholders	10	(193,481)	(2,182,915)	-	-	(12,487)	(61,546)	(13,958)	(15,681)
(Increase)/decrease in net assets attributable to unitholders	5	(3,181,166)	8,108,770	-	-	(28,111)	52,620	(31,418)	77,919
Net profit/(loss) attributable to unitholders after finance costs		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-	-	-	-	-

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 2023

	Note	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income		25	-	15	-	60	-	49	-
Dividend income		6,710	5,360	-	-	16,878	17,046	2,393	2,421
Trust distributions		12,822	8,568	26,195	15,199	440	353	29	35
Changes in fair value of financial instruments held at fair value through profit or loss	4	25,473	(37,104)	23,831	(47,016)	133,693	(80,781)	42,089	(36,723)
Other investment income		29	120	-	-	11	9	28	48
Fee rebates from related schemes		-	-	-	-	-	-	-	-
Total investment income/(loss)		45,059	(23,056)	50,041	(31,817)	151,082	(63,373)	44,588	(34,219)
Expenses									
Management fees	13	1,694	1,541	170	322	122	127	189	90
Custody fees	13	246	177	-	-	600	478	222	148
Audit and tax fees	13	19	21	-	-	14	17	16	17
Transaction costs		140	204	-	-	542	265	49	79
Withholding tax expense		-	-	-	-	24	78	21	11
Performance fees	13	1,195	1,579	-	-	-	-	32	-
Other operating expenses borne by Responsible Entity	13	49	86	-	-	106	192	42	75
Other operating expenses		19	35	-	-	314	406	40	110
Total operating expenses		3,362	3,643	170	322	1,722	1,563	611	530
Net operating profit/(loss) attributable to unitholders before finance costs		41,697	(26,699)	49,871	(32,139)	149,360	(64,936)	43,977	(34,749)
Financing costs attributable to unitholders									
Distributions to unitholders	10	(22,398)	(29,304)	(21,365)	(7,124)	(54,515)	(40,584)	(10,189)	(36,397)
(Increase)/decrease in net assets attributable to unitholders	5	(19,299)	56,003	(28,506)	39,263	(94,845)	105,520	(33,788)	71,146
Net profit/(loss) attributable to unitholders after finance costs		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-	-	-	-	-

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

Morningstar Investment Funds - Series 2
Statements of financial position
As at 30 June 2023

	Note	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
Assets									
Cash and cash equivalents	12(b)	18,451	388,798	-	-	38,287	31,697	8,099	2,314
Deposits held with brokers for margin		-	-	-	-	9	3,295	357	-
Due from brokers - receivable for securities sold		-	1,841,178	-	-	-	-	-	-
Receivables	3	-	148,230	-	-	786	725	1,087	2,010
Financial assets held at fair value through profit or loss	6	-	35,120,505	-	-	239,910	272,389	273,969	308,715
Total assets		18,451	37,498,711	-	-	278,992	308,106	283,512	313,039
Liabilities									
Cash held on collateral (liability)		-	-	-	-	-	-	-	2
Distribution payable	10	-	-	-	-	-	-	1,033	1,061
Due to brokers - payable for securities purchased		-	-	-	-	-	-	-	-
Payables	9	18,451	1,940,519	-	-	219	248	287	858
Financial liabilities held at fair value through profit or loss	7	-	4,130	-	-	-	797	-	-
Total liabilities (excluding net assets attributable to unitholders)		18,451	1,944,649	-	-	219	1,045	1,320	1,921
Net assets attributable to unitholders - liability	5	-	35,554,062	-	-	278,773	307,061	282,192	311,118

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

Morningstar Investment Funds - Series 2
Statements of financial position
As at 30 June 2023

	Note	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
Cash and cash equivalents	12(b)	8,435	4,864	8,626	5,251	13,360	7,033	8,838	10,137
Deposits held with brokers for margin		345	96	-	-	959	310	755	1,110
Due from brokers - receivable for securities sold		73	358	-	-	-	-	867	20
Receivables	3	508	6,869	149	142	4,271	3,472	2,612	570
Financial assets held at fair value through profit or loss	6	<u>246,834</u>	<u>259,530</u>	<u>333,232</u>	<u>275,710</u>	<u>645,989</u>	<u>765,782</u>	<u>189,809</u>	<u>187,903</u>
Total assets		<u>256,195</u>	<u>271,717</u>	<u>342,007</u>	<u>281,103</u>	<u>664,579</u>	<u>776,597</u>	<u>202,881</u>	<u>199,740</u>
Liabilities									
Cash held on collateral (liability)		-	-	-	-	966	282	-	580
Distribution payable	10	-	-	18,312	5,987	10,739	8,012	-	-
Due to brokers - payable for securities purchased		143	441	-	-	-	-	1,053	39
Payables	9	2,903	2,228	247	440	728	2,817	161	88
Financial liabilities held at fair value through profit or loss	7	<u>-</u>	<u>-</u>	<u>5,253</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>3,046</u>	<u>2,669</u>	<u>23,812</u>	<u>10,427</u>	<u>12,433</u>	<u>11,111</u>	<u>1,217</u>	<u>707</u>
Net assets attributable to unitholders - liability	5	<u>253,149</u>	<u>269,048</u>	<u>318,195</u>	<u>270,676</u>	<u>652,146</u>	<u>765,486</u>	<u>201,664</u>	<u>199,033</u>

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

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

Morningstar Investment Funds - Series 2
Statements of cash flows
For the year ended 30 June 2023

	Note	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
<i>Cash flows from operating activities</i>									
Transaction costs of financial instruments held at fair value through profit or loss		(20,671)	(22,347)	-	-	(71)	(110)	(68)	(153)
Dividends received		553,061	707,756	-	-	2,515	3,577	14,100	15,626
Trust distributions received		-	-	-	-	536	920	197	271
Interest received		2,026	-	-	-	-	-	21	-
Other income received		5,437	-	-	-	37	251	93	31
RITC received/(paid)		-	-	-	-	(6)	(3)	(3)	2
Fee Rebates Received		-	-	-	-	49	-	-	-
Management fees paid		(86,786)	(181,398)	-	-	(1,907)	(1,980)	(594)	(780)
Custody fees paid		(12,957)	(44,464)	-	-	(147)	(118)	(228)	(206)
Audit and tax fees paid		-	(15,206)	-	-	(17)	(9)	(32)	(24)
Performance fees paid		-	-	-	-	-	-	-	-
Other expenses paid		(37,131)	(38,660)	-	-	(106)	(323)	(62)	(161)
Withholding tax expense paid		(98,117)	(2,440)	-	-	-	-	-	-
<i>Net cash inflow/(outflow) from operating activities</i>	12(a)	304,862	403,241	-	-	883	2,205	13,424	14,606
<i>Cash flows from investing activities</i>									
Proceeds from sale of financial instruments held at fair value through profit or loss		43,078,507	25,719,370	-	-	159,725	192,727	126,270	503,409
Purchase of financial instruments held at fair value through profit or loss		(2,955,855)	(28,116,566)	-	-	(84,788)	(184,027)	(59,434)	(480,761)
<i>Net cash inflow/(outflow) from investing activities</i>		40,122,652	(2,397,196)	-	-	74,937	8,700	66,836	22,648
<i>Cash flows from financing activities</i>									
Proceeds from applications by unitholders		95,356	12,226,526	-	-	16,892	26,388	35,705	51,685
Payments for redemptions by unitholders		(40,911,003)	10,000,000	-	-	(85,680)	(28,324)	(105,375)	(85,200)
Distributions paid		-	-	-	-	-	-	(4,805)	(3,150)
<i>Net cash inflow/(outflow) from financing activities</i>		(40,815,647)	2,226,526	-	-	(68,788)	(1,936)	(74,475)	(36,665)

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 2023

	Note	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
<i>Net increase/(decrease) in cash and cash equivalents</i>		(388,133)	232,571	-	-	7,032	8,969	5,785	589
Cash and cash equivalents at the beginning of the year		388,798	152,552	-	-	31,697	24,460	2,314	1,725
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>17,786</u>	<u>3,675</u>	<u>-</u>	<u>-</u>	<u>(442)</u>	<u>(1,732)</u>	<u>-</u>	<u>-</u>
<i>Cash and cash equivalents at the end of the year</i>	12(b)	<u>18,451</u>	<u>388,798</u>	<u>-</u>	<u>-</u>	<u>38,287</u>	<u>31,697</u>	<u>8,099</u>	<u>2,314</u>

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 2023

	Note	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cash flows from operating activities</i>									
Transaction costs of financial instruments held at fair value through profit or loss		(140)	(204)	-	-	(542)	(265)	(49)	(79)
Dividends received		6,737	4,651	-	-	16,080	16,529	2,378	2,396
Trust distributions received		183	144	22,516	-	476	347	31	36
Interest received		25	-	15	-	60	-	50	-
Other income received		29	2,124	1	2	11	-	28	48
RITC received/(paid)		(6)	-	-	-	(25)	29	(7)	-
Fee Rebates Received		-	-	-	-	-	-	-	-
Management fees paid		(1,696)	(1,535)	(171)	(335)	(116)	(130)	(170)	(97)
Custody fees paid		(219)	(162)	-	-	(542)	(419)	(194)	(138)
Audit and tax fees paid		(30)	(16)	-	-	(22)	(12)	(24)	(15)
Performance fees paid		(530)	(2,352)	-	-	-	-	-	-
Other expenses paid		(72)	(131)	-	(1)	(432)	(610)	(80)	(186)
Withholding tax expense paid		-	-	-	-	(24)	(78)	(21)	(11)
<i>Net cash inflow/(outflow) from operating activities</i>	12(a)	<u>4,281</u>	<u>2,519</u>	<u>22,361</u>	<u>(334)</u>	<u>14,924</u>	<u>15,391</u>	<u>1,942</u>	<u>1,954</u>
<i>Cash flows from investing activities</i>									
Proceeds from sale of financial instruments held at fair value through profit or loss		120,153	68,438	39,209	67,392	781,394	783,617	93,487	147,261
Purchase of financial instruments held at fair value through profit or loss		<u>(69,597)</u>	<u>(97,127)</u>	<u>(67,968)</u>	<u>(50,150)</u>	<u>(528,197)</u>	<u>(974,082)</u>	<u>(53,897)</u>	<u>(167,426)</u>
<i>Net cash inflow/(outflow) from investing activities</i>		<u>50,556</u>	<u>(28,689)</u>	<u>(28,759)</u>	<u>17,242</u>	<u>253,197</u>	<u>(190,465)</u>	<u>39,590</u>	<u>(20,165)</u>
<i>Cash flows from financing activities</i>									
Proceeds from applications by unitholders		17,988	30,977	63,493	108,477	133,557	328,240	45,251	81,636
Payments for redemptions by unitholders		(69,254)	(2,925)	(47,733)	(82,963)	(385,429)	(148,738)	(88,597)	(63,524)
Distributions paid		-	-	(5,987)	(43,545)	(10,196)	(3,162)	-	-
<i>Net cash inflow/(outflow) from financing activities</i>		<u>(51,266)</u>	<u>28,052</u>	<u>9,773</u>	<u>(18,031)</u>	<u>(262,068)</u>	<u>176,340</u>	<u>(43,346)</u>	<u>18,112</u>

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 2023

	Note	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Net increase/(decrease) in cash and cash equivalents</i>		3,571	1,882	3,375	(1,123)	6,053	1,266	(1,814)	(99)
Cash and cash equivalents at the beginning of the year		4,864	2,982	5,251	6,374	7,033	3,404	10,137	9,787
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274</u>	<u>2,363</u>	<u>515</u>	<u>449</u>
<i>Cash and cash equivalents at the end of the year</i>	12(b)	<u>8,435</u>	<u>4,864</u>	<u>8,626</u>	<u>5,251</u>	<u>13,360</u>	<u>7,033</u>	<u>8,838</u>	<u>10,137</u>

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 20 September 2023. 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 2022. 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 2022 that would be expected to have a material impact on the Funds. Since 1 July 2022, 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.

(t) Comparatives

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

3 Receivables

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
Applications receivable	-	-	-	-	-	98	92	496
Dividends receivable	-	43,618	-	-	311	251	755	1,491
Unit trust distributions receivable	-	-	-	-	80	-	214	-
Interest receivable	-	-	-	-	-	-	-	-
Withholding tax reclaims receivable	-	99,247	-	-	350	337	-	-
RITC receivable	-	5,365	-	-	45	39	26	23
Other receivables	-	-	-	-	-	-	-	-
Total receivables	-	148,230	-	-	786	725	1,087	2,010

	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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Applications receivable	-	6,330	146	137	142	180	2,000	-
Dividends receivable	404	419	-	-	1,744	1,407	148	146
Unit trust distributions receivable	43	50	-	-	-	11	-	1
Interest receivable	-	-	-	-	-	-	14	14
Withholding tax reclaims receivable	15	30	-	-	2,336	1,850	435	401
RITC receivable	46	40	3	5	49	-	15	8
Other receivables	-	-	-	-	-	24	-	-
Total receivables	508	6,869	149	142	4,271	3,472	2,612	570

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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
Financial instruments								
Net realised gain/(loss) on financial instruments held at fair value through profit or loss	1,992,457	318,425	-	-	6,541	41,152	220	27,411
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	1,201,628	(6,659,304)	-	-	25,792	(52,492)	32,229	(104,577)
Net gains/(losses) on financial instruments held at fair value through profit or loss	3,194,085	(6,340,879)	-	-	32,333	(11,340)	32,449	(77,166)
	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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial instruments								
Net realised gain/(loss) on financial instruments held at fair value through profit or loss	7,288	10,680	(7,251)	(3,847)	101,886	26,064	8,224	35,722
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	18,185	(47,784)	31,082	(43,169)	31,807	(106,845)	33,865	(72,445)
Net gains/(losses) on financial instruments held at fair value through profit or loss	25,473	(37,104)	23,831	(47,016)	133,693	(80,781)	42,089	(36,723)

5 Net assets attributable to unitholders

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

	Morningstar Global Shares Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No.	\$	No.	\$
Opening balance	-	-	-	-	-	-	-	-	26,713,803	35,554,062	25,955,885	41,153,391
Applications	-	-	-	-	-	-	-	-	69,602	95,356	7,295,214	12,226,526
Redemptions	-	-	-	-	-	-	-	-	(26,923,256)	(39,024,065)	(8,150,444)	(11,900,000)
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-	139,851	193,481	1,613,148	2,182,915
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	-	-	3,181,166	-	-	(8,108,770)
Closing balance	-	-	-	-	-	-	-	-	-	-	26,713,803	35,554,062

	Ibbotson International Shares Active (Unhedged) Trust											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-	-	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-

5 Net assets attributable to unitholders (continued)

	Ibbotson Supplementary Opportunities Trust											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	-	-	-	-	294,114	307,061	236,843	299,973	-	-	-	-
Applications	-	-	-	-	15,833	16,794	19,888	26,486	-	-	-	-
Redemptions	-	-	-	-	(77,765)	(85,680)	(20,779)	(28,324)	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	10,999	12,487	58,162	61,546	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	28,111	-	(52,620)	-	-	-	-
Closing balance	-	-	-	-	243,181	278,773	294,114	307,061	-	-	-	-

	Morningstar Australian Shares Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	24,840	25,249	25,651	34,914	120,373	130,778	132,564	179,272	144,871	155,091	147,788	196,689
Applications	1,677	1,947	2,120	2,753	1,396	1,618	2,999	3,856	27,838	31,736	36,426	45,572
Redemptions	(3,895)	(4,569)	(2,933)	(3,773)	(18,969)	(22,190)	(20,522)	(25,517)	(66,670)	(78,067)	(43,581)	(56,599)
Units issued upon reinvestment of distributions	5	5	2	2	4,885	5,521	5,332	6,672	3,320	3,655	4,238	5,196
Increase/(decrease) in net assets attributable to unitholders	-	4,360	-	(8,647)	-	11,930	-	(33,505)	-	15,128	-	(35,767)
Closing balance	22,627	26,992	24,840	25,249	107,685	127,657	120,373	130,778	109,359	127,543	144,871	155,091

5 Net assets attributable to unitholders (continued)

	Morningstar Australian Shares High Alpha Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	-	-	-	-	226,479	194,853	170,935	184,774	79,816	74,195	70,461	76,591
Applications	-	-	-	-	11,874	11,658	32,221	34,307	-	-	2,782	3,000
Redemptions	-	-	-	-	(13,519)	(12,810)	(204)	(225)	(56,073)	(56,444)	(2,434)	(2,700)
Units issued upon reinvestment of distributions	-	-	-	-	20,998	19,524	23,527	21,139	3,090	2,874	9,007	8,165
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	14,905	-	(45,142)	-	4,394	-	(10,861)
Closing balance	-	-	-	-	245,832	228,130	226,479	194,853	26,833	25,019	79,816	74,195

	Morningstar International Shares (Hedged) Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	3,530	1,586	3,588	1,845	116,654	52,955	175,373	91,224	460,013	216,135	355,442	190,502
Applications	1,236	608	1,086	563	22,426	11,615	10,884	5,731	101,828	51,279	190,948	102,320
Redemptions	(568)	(279)	(1,192)	(606)	(47,594)	(23,210)	(72,045)	(36,957)	(47,471)	(24,053)	(86,377)	(45,819)
Units issued upon reinvestment of distributions	120	60	48	22	5,901	2,979	2,442	1,114	27	14	-	-
Increase/(decrease) in net assets attributable to unitholders	-	176	-	(238)	-	4,772	-	(8,157)	-	23,558	-	(30,868)
Closing balance	4,318	2,151	3,530	1,586	97,387	49,111	116,654	52,955	514,397	266,933	460,013	216,135

5 Net assets attributable to unitholders (continued)

	Morningstar International Shares (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	11,688	251	8,767	9,340	16,900	191	26,945	27,827	809,311	765,044	601,299	625,396
Applications	478	502	4,117	4,358	25,651	26,683	2,661	2,748	104,200	106,334	308,469	321,314
Redemptions	(2,016)	(2,051)	(1,488)	(1,636)	(5,175)	(5,367)	(13,568)	(14,077)	(369,258)	(375,878)	(132,439)	(135,580)
Units issued upon reinvestment of distributions	496	521	292	282	2,911	2,970	862	810	37,367	38,101	31,982	30,224
Increase/(decrease) in net assets attributable to unitholders	-	12,028	-	(12,093)	-	16,781	-	(17,117)	-	66,036	-	(76,310)
Closing balance	10,646	11,251	11,688	251	40,287	41,258	16,900	191	581,620	599,637	809,311	765,044

	Morningstar International Shares High Opportunities (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	-	-	-	-	3,882	14,526	8,425	16,483	138,114	184,507	96,593	199,187
Applications	-	-	-	-	23,185	33,476	423	846	9,065	13,775	40,869	80,790
Redemptions	-	-	-	-	(3,691)	(5,674)	(5,644)	(11,800)	(53,301)	(82,923)	(24,341)	(51,724)
Units issued upon reinvestment of distributions	-	-	-	-	1,083	1,682	678	909	5,248	8,507	24,993	35,488
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	(5,771)	-	8,088	-	39,559	-	(79,234)
Closing balance	-	-	-	-	24,459	38,239	3,882	14,526	99,126	163,425	138,114	184,507

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, not withstanding 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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
Financial assets held at fair value through profit or loss								
Derivatives								
Forward currency contracts	-	109	-	-	-	-	-	-
Australian share price index futures	-	-	-	-	-	-	37	-
International share price index futures	-	-	-	-	-	-	-	-
International exchange traded options	-	6,770	-	-	-	-	-	-
Total derivatives	-	6,879	-	-	-	-	37	-
Equity securities								
Australian equity securities listed on a prescribed stock exchange	-	-	-	-	13,256	12,309	270,696	304,831
International equity securities listed on a prescribed stock exchange	-	35,113,626	-	-	87,014	70,364	-	-
Total equity securities	-	35,113,626	-	-	100,270	82,673	270,696	304,831
Unlisted unit trusts								
Units in unlisted Australian equity trusts	-	-	-	-	78,172	126,341	-	-
Total unlisted unit trusts	-	-	-	-	78,172	126,341	-	-
Listed unit trusts								
Australian listed trusts	-	-	-	-	-	-	3,236	3,884
International listed trusts	-	-	-	-	61,468	63,375	-	-
Australian listed property trusts	-	-	-	-	-	-	-	-
International listed property trusts	-	-	-	-	-	-	-	-
Total listed unit trusts	-	-	-	-	61,468	189,716	3,236	3,884
Total financial assets held at fair value through profit or loss	-	35,120,505	-	-	239,910	272,389	273,969	308,715

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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets held at fair value through profit or loss								
Derivatives								
Forward currency contracts	-	-	833	46	-	-	-	-
Australian share price index futures	19	-	-	-	-	-	-	-
International share price index futures	-	-	-	-	-	6	55	29
International exchange traded options	-	-	-	-	-	-	-	-
Total derivatives	19	-	833	46	-	6	55	29
Equity securities								
Australian equity securities listed on a prescribed stock exchange	185,363	142,602	-	-	-	-	1,928	2,167
International equity securities listed on a prescribed stock exchange	-	-	-	-	642,958	757,966	187,114	184,827
Total equity securities	185,363	142,602	-	-	642,958	757,966	189,042	186,994
Unlisted unit trusts								
Units in unlisted Australian equity trusts	52,783	108,515	332,399	275,664	-	-	-	-
Total unlisted unit trusts	52,783	108,515	332,399	275,664	-	-	-	-
Listed unit trusts								
Australian listed trusts	3,212	1,206	-	-	-	-	-	-
International listed trusts	-	-	-	-	1,219	5,268	61	57
Australian listed property trusts	5,457	7,207	-	-	-	-	-	-
International listed property trusts	-	-	-	-	1,812	2,542	651	823
Total listed unit trusts	8,669	8,413	-	-	3,031	7,810	712	880
Total financial assets held at fair value through profit or loss	246,834	259,530	333,232	275,710	645,989	765,782	189,809	187,903

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar International Shares (Hedged) Fund		
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	
	\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000	
Financial liabilities held at fair value through profit or loss									
Derivatives									
Forward currency contracts	-	4,130	-	-	-	-	5,253	4,000	
International share price index futures	-	-	-	-	-	797	-	-	
Total derivatives	-	4,130	-	-	-	797	5,253	4,000	
Total financial liabilities held at fair value through profit or loss	-	4,130	-	-	-	797	5,253	4,000	
							Morningstar International Shares High Opportunities (Unhedged) Fund		
							30 June 2023	30 June 2022	
							Fair value	Fair value	
							\$'000	\$'000	
Financial liabilities held at fair value through profit or loss									
Derivatives									
Forward currency contracts								-	-
International share price index futures								3	-
Total derivatives								3	-
Total financial liabilities held at fair value through profit or loss								3	-

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.

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Ernst & Young Australian firm								
Audit of financial statements	-	-	-	-	19,497	20,281	28,046	31,668
Other services - Compliance plan audit	2,800	2,894	-	-	2,800	2,894	2,800	2,894
Total remuneration for audit and other assurance services	<u>2,800</u>	<u>2,894</u>	<u>-</u>	<u>-</u>	<u>22,297</u>	<u>23,175</u>	<u>30,846</u>	<u>34,562</u>
	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Ernst & Young Australian firm								
Audit of financial statements	27,491	24,664	-	-	11,936	10,816	3,229	1,479
Other services - Compliance plan audit	2,800	2,894	-	-	2,800	2,894	2,800	2,894
Total remuneration for audit and other assurance services	<u>30,291</u>	<u>27,558</u>	<u>-</u>	<u>-</u>	<u>14,736</u>	<u>13,710</u>	<u>6,029</u>	<u>4,373</u>

9 Payables

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
Redemptions payable	13,062	1,900,000	-	-	-	-	140	689
Management fees payable	-	11,926	-	-	129	161	38	51
Custody fees payable	-	-	-	-	45	33	85	70
Performance fees payable	-	-	-	-	-	-	-	-
Audit and tax fees payable	-	24,852	-	-	1	7	1	14
Other payables	5,389	3,739	-	-	44	47	23	34
Total Payables	18,451	1,940,519	-	-	219	248	287	858

	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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Redemptions payable	-	-	228	419	422	2,555	-	-
Management fees payable	126	128	19	21	14	8	23	4
Custody fees payable	91	64	-	-	223	165	85	57
Performance fees payable	2,662	1,997	-	-	-	-	32	-
Audit and tax fees payable	1	12	-	-	1	9	2	9
Other payables	23	27	-	-	68	80	19	18
Total Payables	2,903	2,228	247	440	728	2,817	161	88

10 Distributions to unitholders

The distributions during the year were as follows:

	Morningstar Global Shares Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$	CPU	\$	CPU	\$	CPU	\$	CPU	\$	CPU	\$	CPU
Distribution paid												
- September	-	-	-	-	-	-	-	-	-	-	67,878	0.2124
- December	-	-	-	-	-	-	-	-	193,481	1.1650	100,315	0.3131
- March	-	-	-	-	-	-	-	-	-	-	16,543	0.0624
- June	-	-	-	-	-	-	-	-	-	-	1,998,179	7.9253
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,182,915</u>	<u>8.5132</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,481</u>	<u>1.1650</u>	<u>2,182,915</u>	<u>8.5132</u>

	Ibbotson International Shares Active (Unhedged) Trust											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$	CPU	\$	CPU	\$	CPU	\$	CPU	\$	CPU	\$	CPU
Distribution paid												
June	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

10 Distributions to unitholders (continued)

	Ibbotson Supplementary Opportunities Trust											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	-	-	-	-	345	0.1129	1,677	0.0078	-	-	-	-
- December	-	-	-	-	786	0.2886	1,499	0.6362	-	-	-	-
- March	-	-	-	-	1,251	0.4898	648	0.2730	-	-	-	-
- June	-	-	-	-	10,105	4.3114	57,722	24.1678	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,487</u>	<u>5.2027</u>	<u>61,546</u>	<u>25.0848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,487</u>	<u>5.2027</u>	<u>61,546</u>	<u>25.0848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Morningstar Australian Shares Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	454	1.8380	521	2.0570	1,984	1.8020	2,681	2.0207	2,831	1.8651	2,780	2.0293
- December	240	1.0093	214	0.8582	1,080	0.9798	1,062	0.8202	1,638	1.0720	1,131	0.9403
- March	297	1.2858	291	1.1488	1,328	1.2528	1,420	1.1102	1,439	1.3455	1,719	1.2186
- June	1	1.0949	1	1.3203	1,129	1.0577	1,510	1.2693	504	1.1845	1,290	1.4091
Distribution payable												
- June	247	1.0949	327	1.3203	-	-	-	-	786	1.1845	734	1.4091
	<u>1,239</u>	<u>5.2280</u>	<u>1,354</u>	<u>5.3843</u>	<u>5,521</u>	<u>5.0923</u>	<u>6,673</u>	<u>5.2204</u>	<u>7,198</u>	<u>5.4671</u>	<u>7,654</u>	<u>5.5973</u>
	<u>1,239</u>	<u>5.2280</u>	<u>1,354</u>	<u>5.3843</u>	<u>5,521</u>	<u>5.0923</u>	<u>6,673</u>	<u>5.2204</u>	<u>7,198</u>	<u>5.4671</u>	<u>7,654</u>	<u>5.5973</u>

10 Distributions to unitholders (continued)

Morningstar Australian Shares High Alpha Fund												
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	-	-	-	-	1,161	0.5065	2,515	1.4716	516	0.6503	1,123	1.6501
- December	-	-	-	-	356	0.1598	-	-	276	0.3457	-	-
- March	-	-	-	-	814	0.3656	-	-	137	0.5573	-	-
- June	-	-	-	-	17,193	7.5625	18,624	9.0732	1,945	7.8596	7,042	9.8028
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,524</u>	<u>8.5944</u>	<u>21,139</u>	<u>10.5448</u>	<u>2,874</u>	<u>9.4129</u>	<u>8,165</u>	<u>11.4529</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,524</u>	<u>8.5944</u>	<u>21,139</u>	<u>10.5448</u>	<u>2,874</u>	<u>9.4129</u>	<u>8,165</u>	<u>11.4529</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,524</u>	<u>8.5944</u>	<u>21,139</u>	<u>10.5448</u>	<u>2,874</u>	<u>9.4129</u>	<u>8,165</u>	<u>11.4529</u>
Morningstar International Shares (Hedged) Fund												
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- June	60	3.2410	22	1.0562	2,979	3.2564	1,115	0.9761	14	3.5479	-	-
Distribution payable												
- June	76	3.2410	15	1.0562	-	-	-	-	18,236	3.5479	5,972	1.2982
	<u>136</u>	<u>3.2410</u>	<u>37</u>	<u>1.0562</u>	<u>2,979</u>	<u>3.2564</u>	<u>1,115</u>	<u>0.9761</u>	<u>18,250</u>	<u>3.5479</u>	<u>5,972</u>	<u>1.2982</u>
	<u>136</u>	<u>3.2410</u>	<u>37</u>	<u>1.0562</u>	<u>2,979</u>	<u>3.2564</u>	<u>1,115</u>	<u>0.9761</u>	<u>18,250</u>	<u>3.5479</u>	<u>5,972</u>	<u>1.2982</u>
	<u>136</u>	<u>3.2410</u>	<u>37</u>	<u>1.0562</u>	<u>2,979</u>	<u>3.2564</u>	<u>1,115</u>	<u>0.9761</u>	<u>18,250</u>	<u>3.5479</u>	<u>5,972</u>	<u>1.2982</u>

10 Distributions to unitholders (continued)

	Morningstar International Shares (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	55	0.4823	42	0.4920	77	0.4559	131	0.4625	4,078	0.5315	3,373	0.5486
- December	43	0.4120	31	0.3758	94	0.4050	54	0.3145	3,343	0.4852	3,308	0.4568
- February	22	0.2166	22	0.2031	39	0.1819	28	0.1653	1,937	0.2932	2,172	0.2710
- June	456	7.5512	222	0.2621	2,760	7.3416	598	0.2515	30,872	7.4853	22,591	0.2515
Distribution payable												
- June	<u>316</u>	<u>7.5512</u>	<u>218</u>	<u>0.2621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,423</u>	<u>7.4853</u>	<u>7,794</u>	<u>0.2515</u>
	<u>892</u>	<u>8.6621</u>	<u>535</u>	<u>1.3330</u>	<u>2,970</u>	<u>8.3844</u>	<u>811</u>	<u>1.1938</u>	<u>50,653</u>	<u>8.7952</u>	<u>39,238</u>	<u>1.5279</u>

	Morningstar International Shares High Opportunities (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	-	-	-	-	23	0.2312	13	0.1503	454	0.3371	423	0.5020
- December	-	-	-	-	37	0.1725	-	-	431	0.3215	498	0.6455
- March	-	-	-	-	-	-	-	-	336	0.3312	301	0.2852
- June	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,622</u>	<u>6.9253</u>	<u>896</u>	<u>27.9071</u>	<u>7,286</u>	<u>7.6926</u>	<u>34,266</u>	<u>30.1362</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,682</u>	<u>7.3290</u>	<u>909</u>	<u>28.0574</u>	<u>8,507</u>	<u>8.6824</u>	<u>35,488</u>	<u>31.5689</u>

11 Derivative financial instruments

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

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

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

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

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

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

(a) Futures

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

(b) 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.

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

	Morningstar Global Shares Fund					
	2023			2022		
	Contract/Notional	Fair values		Contract/Notional	Fair values	
\$	Assets	Liabilities	\$	Assets	Liabilities	
	\$	\$	\$	\$	\$	\$
Buy						
Forward currency contracts	-	-	-	88,080	109	-
International warrants	-	-	-	-	6,770	-
		-	-		6,879	-
Sell						
Forward currency contracts	-	-	-	1,779,038	-	(4,130)
		-	-		-	(4,130)

11 Derivative financial instruments (continued)

		Ibbotson Supplementary Opportunities Trust					
		2023			2022		
		Fair values			Fair values		
Buy	Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
International share price index futures	-	-	-	17,814	-	(797)	
		<u>-</u>	<u>-</u>		<u>-</u>	<u>(797)</u>	
		<u>-</u>	<u>-</u>		<u>-</u>	<u>(797)</u>	
		Morningstar Australian Shares Fund					
		2023			2022		
		Fair values			Fair values		
Buy	Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian share price index futures	4,655	37	-	-	-	-	
		<u>37</u>	<u>-</u>		<u>-</u>	<u>-</u>	
		<u>37</u>	<u>-</u>		<u>-</u>	<u>-</u>	
		Morningstar Australian Shares High Alpha Fund					
		2023			2022		
		Fair values			Fair values		
Buy	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian share price index futures	4,297	19	-	1,615	-	-	
		<u>19</u>	<u>-</u>		<u>-</u>	<u>-</u>	
		<u>19</u>	<u>-</u>		<u>-</u>	<u>-</u>	

11 Derivative financial instruments (continued)

Morningstar International Shares (Hedged) Fund						
2023			2022			
Fair values			Fair values			
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Buy						
Forward currency contracts	82,246	<u>833</u>	-	7,145	<u>46</u>	-
		<u>833</u>	-		<u>46</u>	-
Sell						
Forward currency contracts	342,631	-	<u>(5,253)</u>	261,591	-	<u>(4,000)</u>
		-	<u>(5,253)</u>		-	<u>(4,000)</u>

Morningstar International Shares (Unhedged) Fund						
2023			2022			
Fair values			Fair values			
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Buy						
International share price index futures	-	-	-	753	<u>6</u>	-
		-			<u>6</u>	-

Morningstar International Shares High Opportunities (Unhedged) Fund						
2023			2022			
Fair values			Fair values			
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Buy						
Forward currency contracts	8	-	-	-	-	
International share price index futures	5,328	<u>55</u>	<u>(3)</u>	3,149	<u>29</u>	-
		<u>55</u>	<u>(3)</u>		<u>29</u>	-
Sell						
Forward currency contracts	2	-	-	32	-	-
		-			-	-

11 Derivative financial instruments (continued)

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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities								
Net operating profit/(loss)	3,374,647	(5,925,855)	-	-	40,598	8,926	45,376	(62,238)
Change in fair value of investments	(3,194,085)	6,340,879	-	-	(32,333)	11,340	(32,449)	77,166
Dividends reinvested	-	-	-	-	-	-	-	-
(Increase)/decrease in receivables	159,430	(27,361)	-	-	(137)	300	519	(321)
Increase/(decrease) in payables	(35,130)	15,578	-	-	(29)	29	(22)	(1)
Trust distribution received/reinvested	-	-	-	-	(7,216)	(18,390)	-	-
Net cash inflow/(outflow) from operating activities	304,862	403,241	-	-	883	2,205	13,424	14,606
(b) Components of cash and cash equivalents								
Cash at bank	18,451	388,798	-	-	38,287	31,697	8,099	2,314
	18,451	388,798	-	-	38,287	31,697	8,099	2,314
(c) Non-cash financing and investing activities								
Reinvestment of unitholder distributions in the Schemes	(193,481)	(2,182,915)	-	-	(12,487)	(61,546)	(9,181)	(11,870)
Reinvestment of dividend and distribution income of the Schemes	-	-	-	-	(7,216)	(18,390)	-	-

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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities								
Net operating profit/(loss)	41,697	(26,699)	49,871	(32,139)	149,360	(64,936)	43,977	(34,749)
Change in fair value of investments	(25,473)	37,104	(23,831)	47,016	(133,693)	80,781	(42,089)	36,723
Dividends reinvested	(3)	-	-	-	-	-	(9)	-
(Increase)/decrease in receivables	31	(120)	22,517	2	(787)	(533)	(10)	(8)
Increase/(decrease) in payables	675	1,252	(1)	(14)	44	79	73	4
Trust distribution received/reinvested	(12,646)	(9,018)	(26,195)	(15,199)	-	-	-	(16)
Net cash inflow/(outflow) from operating activities	4,281	2,519	22,361	(334)	14,924	15,391	1,942	1,954
(b) Components of cash and cash equivalents								
Cash at bank	8,435	4,864	8,626	5,251	13,360	7,033	8,838	10,137
	8,435	4,864	8,626	5,251	13,360	7,033	8,838	10,137
(c) Non-cash financing and investing activities								
Reinvestment of unitholder distributions in the Schemes	(22,398)	(29,304)	(3,053)	(1,136)	(41,592)	(31,316)	(10,189)	(36,397)
Reinvestment of dividend and distribution income of the Schemes	(12,649)	(9,018)	(26,195)	(15,199)	-	-	(9)	(16)

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:

Christopher Galloway (director)

James Wickham (director) (resigned 31 May 2023)

James Downing (director)

Joanne Brady (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:

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fees paid and payable to the Responsible Entity	<u>97,401</u>	<u>263,474</u>	<u>-</u>	<u>-</u>	<u>2,119</u>	<u>2,169</u>	<u>880</u>	<u>1,116</u>

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fees paid and payable to the Responsible Entity	<u>3,203</u>	<u>3,404</u>	<u>170</u>	<u>322</u>	<u>842</u>	<u>814</u>	<u>501</u>	<u>330</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:

Entity Name	Morningstar Global Shares Fund					
	30 June 2023			30 June 2022		
	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
	units	%	\$	units	%	\$
Morningstar Multi-Asset Real Return Fund	-	-	158,381	13,562,076	50.77	1,098,065
Ibbotson Supplementary Opportunities Trust	<u>-</u>	<u>-</u>	<u>35,101</u>	<u>13,149,140</u>	<u>49.22</u>	<u>1,084,643</u>
	<u>-</u>	<u>-</u>	<u>193,482</u>	<u>26,711,216</u>	<u>99.99</u>	<u>2,182,708</u>

13 Related party transactions (continued)

Related party schemes' unitholdings (continued)

Entity Name	Morningstar Australian Shares Fund					
	30 June 2023			30 June 2022		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Ibbotson WS Dynamic Growth Trust (Active)	-	-	1,382	50,235	17.32	2,837
Morningstar Multi-Asset All Growth Fund	39,474	16.47	2,094	39,425	13.59	2,166
Morningstar Australasia Pty Limited (Class A)	4	-	-	-	-	-
Morningstar Multi Asset Real Return Fund	<u>3,254</u>	<u>1.36</u>	<u>173</u>	<u>3,099</u>	<u>1.07</u>	<u>193</u>
	<u>42,732</u>	<u>17.83</u>	<u>3,649</u>	<u>92,759</u>	<u>31.98</u>	<u>5,196</u>

Entity Name	Morningstar Australian Shares High Alpha Fund					
	30 June 2023			30 June 2022		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Ibbotson WS Dynamic Growth Trust (Active)	-	-	548	54,917	17.93	5,603
Morningstar Multi-Asset All Growth Fund	<u>26,833</u>	<u>9.84</u>	<u>2,326</u>	<u>24,900</u>	<u>8.13</u>	<u>2,561</u>
	<u>26,833</u>	<u>9.84</u>	<u>2,874</u>	<u>79,817</u>	<u>26.06</u>	<u>8,164</u>

Entity Name	Morningstar International Shares (Hedged) Fund					
	30 June 2023			30 June 2022		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Morningstar International Shares Active ETF (Managed Fund)	<u>291,743</u>	<u>47.35</u>	<u>10,351</u>	<u>267,593</u>	<u>46.12</u>	<u>3,474</u>
	<u>291,743</u>	<u>47.35</u>	<u>10,351</u>	<u>267,593</u>	<u>46.12</u>	<u>3,474</u>

13 Related party transactions (continued)

Related party schemes' unitholdings (continued)

Entity Name	Morningstar International Shares (Unhedged) Fund					
	30 June 2023			30 June 2022		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Ibbotson WS Dynamic Growth Trust (Active)	-	-	329	42,063	5.02	2,115
Morningstar International Shares (Hedged) Fund	322,633	51.00	26,195	301,879	36.03	15,199
Morningstar Multi-Asset All Growth Fund	83,452	13.19	6,949	100,107	11.95	4,603
Morningstar Multi Asset Real Return Fund	<u>35,592</u>	<u>5.63</u>	<u>2,753</u>	<u>20,478</u>	<u>2.44</u>	<u>970</u>
	<u>441,677</u>	<u>69.82</u>	<u>36,226</u>	<u>464,527</u>	<u>55.44</u>	<u>22,887</u>

Entity Name	Morningstar International Shares High Opportunities (Unhedged) Fund					
	30 June 2023			30 June 2022		
	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000	Number of units held 000's units	Interest held %	Distributions paid/payable by the Scheme \$'000
Ibbotson WS Dynamic Growth Trust (Active)	-	-	172	26,150	18.42	8,673
Morningstar International Shares High Opportunities (Hedged) Fund	63,937	51.74	5,417	77,876	54.84	20,060
Morningstar Multi-Asset All Growth Fund	<u>35,189</u>	<u>28.47</u>	<u>2,918</u>	<u>34,089</u>	<u>24.01</u>	<u>6,754</u>
	<u>99,126</u>	<u>80.21</u>	<u>8,507</u>	<u>138,115</u>	<u>97.27</u>	<u>35,487</u>

13 Related party transactions (continued)

Key management personnel unitholdings

At 30 June 2023, no key management personnel held units in the Schemes (2022: 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 (2022: Nil).

Investments

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

Fund Name	Ibbotson Supplementary Opportunities Trust				Ibbotson Supplementary Opportunities Trust			
	30 June 2023			30 June 2022				
	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000
Morningstar Global Opportunities Fund (formerly known as Ibbotson International Shares (Unhedged) Trust)	17,350	78,172	17.52	7,181	26,622	108,842	22.34	16,944
Morningstar Global Shares Fund	-	-	-	35	13,149	17,499	50.66	1,085
		<u>78,172</u>		<u>7,216</u>		<u>126,341</u>		<u>18,029</u>

Fund Name	Morningstar International Shares (Hedged) Fund				Morningstar International Shares (Hedged) Fund			
	30 June 2023			30 June 2022				
	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000
Morningstar International Shares (Unhedged) Fund	322,633	332,399	51.00	26,195	301,879	275,664	36.03	15,199
		<u>332,399</u>		<u>26,195</u>		<u>275,664</u>		<u>15,199</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 unitholders' 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 2023					30 June 2022				
	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	4,130	-	-	-	4,130
Payables	18,451	-	-	-	18,451	1,940,519	-	-	-	1,940,519
Net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,554,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,554,062</u>
Total financial liabilities	<u>18,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,451</u>	<u>37,498,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,498,711</u>

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

	Ibbotson Supplementary Opportunities Trust									
	30 June 2023					30 June 2022				
	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
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	797	-	-	797
Payables	219	-	-	-	219	248	-	-	-	248
Net assets attributable to unitholders	<u>278,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,773</u>	<u>307,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,061</u>
Total financial liabilities	<u>278,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,992</u>	<u>307,309</u>	<u>797</u>	<u>-</u>	<u>-</u>	<u>308,106</u>

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

14 Financial risk management (continued)

(c) Liquidity risk (continued)

	Morningstar Australian Shares Fund									
	30 June 2023					30 June 2022				
	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
Cash held on collateral	-	-	-	-	-	2	-	-	-	2
Distribution payable	1,033	-	-	-	1,033	1,061	-	-	-	1,061
Payables	287	-	-	-	287	858	-	-	-	858
Net assets attributable to unitholders	<u>282,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,192</u>	<u>311,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,118</u>
Total financial liabilities	<u>283,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,512</u>	<u>313,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,039</u>

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

	Morningstar Australian Shares High Alpha Fund									
	30 June 2023					30 June 2022				
	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	143	-	-	-	143	441	-	-	-	441
Payables	2,903	-	-	-	2,903	2,228	-	-	-	2,228
Net assets attributable to unitholders	<u>253,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,149</u>	<u>269,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,048</u>
Total financial liabilities	<u>256,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,195</u>	<u>271,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,717</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 2023					30 June 2022				
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	18,312	-	-	-	18,312	5,987	-	-	-	5,987
Payables	248	-	-	-	248	440	-	-	-	440
Financial liabilities held at fair value through profit or loss	-	5,253	-	-	5,253	4,000	-	-	-	4,000
Net assets attributable to unitholders	<u>318,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,195</u>	<u>270,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,676</u>
Total financial liabilities	<u>336,755</u>	<u>5,253</u>	<u>-</u>	<u>-</u>	<u>342,008</u>	<u>281,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,103</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	424,877	-	-	-	424,877	268,736	-	-	-	268,736
(Outflow)	<u>(424,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(424,877)</u>	<u>(268,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268,736)</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 2023					30 June 2022				
	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
Cash held on collateral	966	-	-	-	966	282	-	-	-	282
Payable to brokers for margin	10,739	-	-	-	10,739	8,012	-	-	-	8,012
Distribution payable	728	-	-	-	728	2,817	-	-	-	2,817
Net assets attributable to unitholders	<u>652,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>652,146</u>	<u>765,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>765,486</u>
Total financial liabilities	<u>664,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,579</u>	<u>776,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,597</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	-	-	-	-	-	-	-	-	-	-
(Outflow)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 2023					30 June 2022				
	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
Cash held on collateral	-	-	-	-	-	580	-	-	-	580
Payables	161	-	-	-	161	88	-	-	-	88
Due to brokers - payable for securities purchased	1,053	-	-	-	1,053	39	-	-	-	39
Financial liabilities held at fair value through profit or loss	-	3	-	-	3	-	-	-	-	-
Net assets attributable to unitholders	<u>201,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,664</u>	<u>199,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,033</u>
Total financial liabilities	<u>202,878</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>202,881</u>	<u>199,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,740</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	10	-	-	-	10	32	-	-	-	32
(Outflow)	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(32)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32)</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 Global Shares Fund
- 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 2023 on its assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian dollar on net assets attributable to unitholders and net operating profit before distributions, with all other variables held constant.

30 June 2022	Morningstar Global Shares Fund				Total A\$
	US Dollar A\$	Euro A\$	Japanese Yen A\$	Other Currencies A\$	
Assets					
Cash and cash equivalents	16,767	34,780	29,205	28,700	109,452
Due from brokers - receivable for securities sold	1,205,672	216,558	246,196	172,752	1,841,178
Receivables	28,478	17,188	10,672	86,522	142,860
Financial assets held at fair value through profit or loss	<u>19,989,130</u>	<u>5,395,985</u>	<u>3,791,205</u>	<u>5,944,076</u>	<u>35,120,396</u>
<i>Total assets</i>	<u>21,240,047</u>	<u>5,664,511</u>	<u>4,077,278</u>	<u>6,232,050</u>	<u>37,213,886</u>
Liabilities					
Financial liabilities held at fair value through profit or loss	<u>1,722</u>	<u>463</u>	<u>1,726</u>	<u>219</u>	<u>4,130</u>
<i>Total liabilities (excluding net assets attributable to unitholders)</i>	<u>1,722</u>	<u>463</u>	<u>1,726</u>	<u>219</u>	<u>4,130</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

30 June 2023	Ibbotson Supplementary Opportunities Trust					
	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
Assets						
Cash and cash equivalents	-	-	-	14,748	-	14,748
Deposits held with brokers for margin*	-	-	-	-	-	-
Due from brokers - receivable for securities sold	-	-	-	-	-	-
Receivables	476	53	-	-	2	531
Financial assets held at fair value through profit or loss	<u>142,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,528</u>	<u>148,482</u>
Total assets	<u>143,430</u>	<u>53</u>	<u>-</u>	<u>14,748</u>	<u>5,530</u>	<u>163,761</u>
Liabilities						
Financial liabilities held at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2022	Ibbotson Supplementary Opportunities Trust					
	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
Assets						
Cash and cash equivalents	-	-	-	17,137	-	17,137
Deposits held with brokers for margin*	-	-	-	543	-	543
Due from brokers - receivable for securities sold	358	49	-	-	2	409
Financial assets held at fair value through profit or loss	<u>123,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,423</u>	<u>133,738</u>
Total assets	<u>123,673</u>	<u>49</u>	<u>-</u>	<u>17,680</u>	<u>10,425</u>	<u>151,827</u>
Liabilities						
Financial liabilities held at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>797</u>	<u>-</u>	<u>797</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>797</u>	<u>-</u>	<u>797</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)

Morningstar International Shares (Hedged) Fund						
30 June 2023	US Dollar AS'000	Euro AS'000	British Pound AS'000	Japanese Yen AS'000	Other Currencies AS'000	Total AS'000
Assets						
Financial assets held at fair value through profit or loss	<u>421</u>	<u>52</u>	<u>33</u>	<u>-</u>	<u>98</u>	<u>604</u>
Total assets	<u>421</u>	<u>52</u>	<u>33</u>	<u>-</u>	<u>98</u>	<u>604</u>
Liabilities						
Financial liabilities held at fair value through profit or loss	<u>3,760</u>	<u>346</u>	<u>223</u>	<u>11</u>	<u>883</u>	<u>5,223</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>3,760</u>	<u>346</u>	<u>223</u>	<u>11</u>	<u>883</u>	<u>5,223</u>
Morningstar International Shares (Hedged) Fund						
30 June 2022	US Dollar AS'000	Euro AS'000	British Pound AS'000	Japanese Yen AS'000	Other Currencies AS'000	Total AS'000
Assets						
Financial assets held at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Liabilities						
Financial liabilities held at fair value through profit or loss	<u>2,823</u>	<u>97</u>	<u>76</u>	<u>920</u>	<u>624</u>	<u>4,000</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>2,823</u>	<u>97</u>	<u>76</u>	<u>920</u>	<u>624</u>	<u>4,000</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

30 June 2023	Morningstar International Shares (Unhedged) Fund					
	US Dollar AS'000	Euro AS'000	British Pound AS'000	Japanese Yen AS'000	Other Currencies AS'000	Total AS'000
Assets						
Cash and cash equivalents	35	165	6	4,490	40	4,736
Cash held on collateral (asset)	959	-	-	-	-	959
Receivables	362	621	107	100	2,890	4,080
Financial assets held at fair value through profit or loss	<u>405,370</u>	<u>38,835</u>	<u>25,218</u>	<u>60,385</u>	<u>116,181</u>	<u>645,989</u>
Total assets	<u>406,726</u>	<u>39,621</u>	<u>25,331</u>	<u>64,975</u>	<u>119,111</u>	<u>655,764</u>
Liabilities						
Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
30 June 2022	Morningstar International Shares (Unhedged) Fund					
	US Dollar AS'000	Euro AS'000	British Pound AS'000	Japanese Yen AS'000	Other Currencies AS'000	Total AS'000
Assets						
Cash and cash equivalents	64	2	2	62	57	187
Receivables	311	531	336	312	1,778	3,268
Financial assets held at fair value through profit or loss	<u>398,707</u>	<u>51,445</u>	<u>41,987</u>	<u>146,321</u>	<u>127,332</u>	<u>765,792</u>
Total assets	<u>399,082</u>	<u>51,978</u>	<u>42,325</u>	<u>146,695</u>	<u>129,167</u>	<u>769,247</u>
Liabilities						
Bank overdraft	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282</u>	<u>282</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282</u>	<u>282</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

30 June 2023	Morningstar International Shares High Opportunities (Unhedged) Fund					
	US Dollar AS'000	Euro AS'000	British Pound AS'000	Japanese Yen AS'000	Other Currencies AS'000	Total AS'000
Assets						
Cash and cash equivalents	4,464	1	-	234	28	4,727
Cash held on collateral (asset)	100	-	-	-	-	100
Due from brokers - receivable for securities sold	830	-	9	23	5	867
Receivables	133	97	25	6	326	587
Financial assets held at fair value through profit or loss	<u>136,177</u>	<u>11,349</u>	<u>8,128</u>	<u>10,854</u>	<u>21,374</u>	<u>187,882</u>
Total assets	<u>141,704</u>	<u>11,447</u>	<u>8,162</u>	<u>11,117</u>	<u>21,733</u>	<u>194,163</u>
Liabilities						
Bank overdraft	-	-	-	-	-	-
Due to brokers payable for securities purchased	1,029	-	9	15	-	1,053
Financial liabilities held at fair value through profit or loss	<u>3</u>	-	-	-	-	<u>3</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>1,032</u>	<u>-</u>	<u>9</u>	<u>15</u>	<u>-</u>	<u>1,056</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

30 June 2022	Morningstar International Shares High Opportunities (Unhedged) Fund					
	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	Total A\$'000
Assets						
Cash and cash equivalents	5,984	3	-	202	7	6,196
Due from brokers - receivable for securities sold	-	-	-	17	-	17
Receivables	135	86	22	6	300	549
Financial assets held at fair value through profit or loss	<u>129,944</u>	<u>10,391</u>	<u>9,775</u>	<u>10,941</u>	<u>24,686</u>	<u>185,737</u>
<i>Total assets</i>	<u>136,603</u>	<u>10,480</u>	<u>9,797</u>	<u>11,166</u>	<u>24,993</u>	<u>192,499</u>
Liabilities						
Bank overdraft	580	-	-	-	-	580
Due to brokers payable for securities purchased	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>17</u>	<u>28</u>
<i>Total liabilities (excluding net assets attributable to unitholders)</i>	<u>580</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>17</u>	<u>608</u>

Sensitivity analysis

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

	Ibbotson Supplementary Opportunities Trust									
	Impact on operating profit / Net assets attributable to unitholders									
	US Dollar		Euro		British Pound		Japanese Yen		Other	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023	14,343	(14,343)	5	(5)	-	-	1,475	(1,475)	55	(55)
30 June 2022	12,367	(12,367)	5	(5)	-	-	1,688	(1,688)	1,042	(1,042)

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

	Morningstar International Shares (Unhedged) Fund									
	Impact on operating profit/Net assets attributable to unitholders									
	US Dollar		Euro		British Pound		Japanese Yen		Other Currencies	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023	40,673	(40,673)	3,962	(3,962)	2,533	(2,533)	6,498	(6,498)	1,191	(1,191)
30 June 2022	39,908	(39,908)	5,197	(5,197)	4,232	(4,232)	14,669	(14,669)	1,288	(1,288)

	Morningstar International Shares High Opportunities (Unhedged) Fund									
	Impact on operating profit/Net assets attributable to unitholders									
	US Dollar		Euro		British Pound		Japanese Yen		Other Currencies	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023	14,062	(14,062)	1,145	(1,145)	815	(815)	1,110	(1,110)	217	(217)
30 June 2022	13,548	(13,548)	1,048	(1,048)	979	(979)	1,115	(1,115)	249	(249)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Schemes do not have significant exposure to interest rate risk as all of the Schemes' instruments are non-interest bearing.

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

14 Financial risk management (continued)

(d) Market risk (continued)

Equity price risk

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

The 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:

	Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund	
	+5.07%	-5.07%	+8.11%	-8.11%	+8.60%	-8.60%	+9.34%	-9.34%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023	12,155	(12,155)	22,587	(22,587)	21,229	(21,229)	31,034	(31,034)
30 June 2022	13,715	(13,715)	25,315	(25,315)	22,553	(22,553)	25,920	(25,920)
					Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
					+4.41%	-4.41%	+5.76%	-5.76%
					\$'000	\$'000	\$'000	\$'000
30 June 2023					28,465	(28,465)	10,937	(10,937)
30 June 2022					33,158	(33,158)	10,577	(10,577)

(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).

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

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 2023 and 30 June 2022.

	Morningstar Global Shares Fund							
	At 30 June 2023				At 30 June 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Financial assets held at fair value through profit or loss:								
Derivatives	-	-	-	-	-	6,879	-	6,879
Equity securities	-	-	-	-	35,113,626	-	-	35,113,626
Total	-	-	-	-	35,113,626	6,879	-	35,120,505
Derivatives	-	-	-	-	-	4,130	-	4,130
Total	-	-	-	-	-	4,130	-	4,130
Ibbotson Supplementary Opportunities Trust								
	At 30 June 2023				At 30 June 2022			
	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:								
Equity securities	100,270	-	-	100,270	82,673	-	-	82,673
Unlisted unit trusts	-	78,172	-	78,172	-	-	-	-
Listed unit trusts	61,468	-	-	61,468	189,716	-	-	189,716
Total	161,738	78,172	-	239,910	272,389	-	-	272,389
Derivatives	-	-	-	-	797	-	-	797
Total	-	-	-	-	797	-	-	797

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Morningstar Australian Shares Fund							
	At 30 June 2023				At 30 June 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held at fair value through profit or loss:								
Derivatives	37	-	-	37	-	-	-	-
Equity securities	270,696	-	-	270,696	303,100	1,731	-	304,831
Listed unit trusts	<u>3,236</u>	-	-	<u>3,236</u>	<u>3,884</u>	-	-	<u>3,884</u>
Total	<u>273,969</u>	-	-	<u>273,969</u>	<u>306,984</u>	<u>1,731</u>	-	<u>308,715</u>

	Morningstar Australian Shares High Alpha Fund							
	At 30 June 2023				At 30 June 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Financial assets held at fair value through profit or loss:								
Derivatives	19	-	-	19	-	-	-	-
Equity securities	185,363	-	-	185,363	142,602	-	-	142,602
Unlisted unit trusts	-	52,783	-	52,783	-	108,515	-	108,515
Listed unit trusts	<u>8,669</u>	-	-	<u>8,669</u>	<u>8,413</u>	-	-	<u>8,413</u>
Total	<u>194,051</u>	<u>52,783</u>	-	<u>246,834</u>	<u>151,015</u>	<u>108,515</u>	-	<u>259,530</u>

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

Morningstar International Shares (Hedged) Fund

	At 30 June 2023				At 30 June 2022			
	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	-	833	-	833	-	46	-	46
Unlisted unit trusts	-	332,399	-	332,399	-	275,664	-	275,664
Total	-	333,232	-	333,232	-	275,710	-	275,710
Financial liabilities								
Financial liabilities held at fair value through profit or loss:								
Derivatives	-	5,253	-	5,253	-	4,000	-	4,000
Total	-	5,253	-	5,253	-	4,000	-	4,000

Morningstar International Shares (Unhedged) Fund

	At 30 June 2023				At 30 June 2022			
	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	-	-	-	-	3	3	-	6
Equity securities	642,958	-	-	642,958	756,974	992	-	757,966
Listed unit trusts	3,031	-	-	3,031	7,810	-	-	7,810
Total	645,989	-	-	645,989	764,787	995	-	765,782

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Morningstar International Shares High Opportunities (Unhedged) Fund							
	At 30 June 2023				At 30 June 2022			
	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	55	-	-	55	29	-	-	29
Equity securities	189,042	-	-	189,042	186,994	-	-	186,994
Listed unit trusts	<u>712</u>	-	-	<u>712</u>	<u>880</u>	-	-	<u>880</u>
Total	<u>189,809</u>	-	-	<u>189,809</u>	<u>187,903</u>	-	-	<u>187,903</u>
Derivatives	<u>3</u>	-	-	<u>3</u>	-	-	-	-
Total	<u>3</u>	-	-	<u>3</u>	-	-	-	-

(i) *Transfers between levels*

There were no transfers between levels for recurring fair value measurements during the year ended 30 June 2023 (30 June 2022: Nil).

15 Performance fees

Performance fees paid and accrued are as follows:

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
Opening Performance fees accrual	1,997,148	773,134	-	-
Performance fee expense/(income)	1,194,951	1,579,143	32,123	-
Performance fees paid	<u>(530,143)</u>	<u>(355,129)</u>	<u>-</u>	<u>-</u>
Closing Performance fees accrual	<u>2,661,956</u>	<u>1,997,148</u>	<u>32,123</u>	<u>-</u>

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

16 Events subsequent to the reporting period

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 2023 or on the results and cash flows of the Schemes for the year ended on that date (2022: Nil).

17 Contingent assets and liabilities and commitments

There are no contingent assets and liabilities or commitments as at 30 June 2023 (2022: 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 2023 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

20 September 2023



**Building a better
working world**

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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 2023, 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 2023 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
20 September 2023