

Morningstar Investment Funds - Series 2

Annual report

For the year ended 30 June 2021

Morningstar Investment Funds - Series 2

Annual report - For the year ended 30 June 2021

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 2021

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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 2021.

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 (2020: 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:

Daniel Needham (director)

Christopher Galloway (director)

James Wickham (director)

Scott Schilling (director)

Fiona White (company secretary)

Directors' report (continued)

Review of results and operations

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

Results

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$	30 June 2020 \$	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Net operating profit/(loss)	<u>5,297</u>	<u>1,187</u>	<u>9,830,122</u>	<u>(9,164,876)</u>	<u>92,361</u>	<u>(27,143)</u>	<u>93,127</u>	<u>(4,068)</u>
Distributions - Class A								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>861</u>	<u>978</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.2323</u>	<u>3.1303</u>
Distributions - Class B								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,668</u>	<u>30,245</u>	<u>4,330</u>	<u>2,579</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8.9039</u>	<u>9.4364</u>	<u>3.1017</u>	<u>3.1383</u>
Distributions - Class Z								
Distribution paid and payable	<u>1,361</u>	<u>3,158</u>	<u>4,067,127</u>	<u>1,078,734</u>	<u>-</u>	<u>-</u>	<u>4,405</u>	<u>4,681</u>
Distribution (cents per unit)	<u>5.5317</u>	<u>1.7432</u>	<u>5.1974</u>	<u>0.7327</u>	<u>-</u>	<u>-</u>	<u>3.5315</u>	<u>3.4592</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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net operating profit/(loss)	<u>68,769</u>	<u>(6,743)</u>	<u>88,635</u>	<u>29,590</u>	<u>148,899</u>	<u>82,440</u>	<u>53,491</u>	<u>12,586</u>
Distributions - Class A								
Distribution paid and payable	<u>-</u>	<u>-</u>	<u>366</u>	<u>-</u>	<u>872</u>	<u>582</u>	<u>-</u>	<u>-</u>
Distribution (cents per unit)	<u>-</u>	<u>-</u>	<u>11.4644</u>	<u>-</u>	<u>10.5217</u>	<u>7.3795</u>	<u>-</u>	<u>-</u>
Distributions - Class B								
Distribution paid and payable	<u>21,195</u>	<u>17,972</u>	<u>19,284</u>	<u>-</u>	<u>5,936</u>	<u>2,394</u>	<u>1,676</u>	<u>1,688</u>
Distribution (cents per unit)	<u>13.5090</u>	<u>9.5919</u>	<u>25.6875</u>	<u>-</u>	<u>46.5541</u>	<u>6.9881</u>	<u>22.0888</u>	<u>27.0059</u>
Distributions - Class Z								
Distribution paid and payable	<u>8,986</u>	<u>6,044</u>	<u>43,382</u>	<u>-</u>	<u>58,621</u>	<u>163,884</u>	<u>21,703</u>	<u>25,971</u>
Distribution (cents per unit)	<u>14.2805</u>	<u>10.5105</u>	<u>12.2051</u>	<u>-</u>	<u>10.6179</u>	<u>22.6845</u>	<u>24.9128</u>	<u>30.5054</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 2021 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.

Chris
Galloway

Digitally signed
by Chris Galloway
Date: 2021.09.22
10:58:32 +10'00'

Director

Sydney

22 September 2021



**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 2021, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Elliott Shadforth
Partner
22 September 2021

Morningstar Investment Funds - Series 2
Statements of comprehensive income
For the year ended 30 June 2021

	Note	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income		-	-	-	-	-	-	-	1
Dividend income		297	342	932,186	3,684,216	3,956	2,442	11,081	9,590
Trust distributions		-	-	-	-	5,977	9,109	-	44
Change in fair value of financial instruments held at fair value through profit or loss	4	5,153	945	9,266,727	(12,258,576)	84,940	(35,955)	83,325	(12,933)
Other investment income		-	-	13,102	5,498	6	-	132	232
Total investment income/(loss)		5,450	1,287	10,212,015	(8,568,862)	94,879	(24,404)	94,538	(3,066)
Expenses									
Management fees	13	81	68	-	-	1,951	2,128	766	496
Custody fees	13	17	10	13,126	74,568	73	47	157	70
Audit and tax fees	13	5	1	8,527	5,810	17	9	34	16
Transaction costs		15	14	66,787	86,593	89	152	185	232
Withholding tax expense		1	-	98,238	135,912	-	28	-	-
Performance fees	13	-	-	-	-	95	-	-	-
Other operating expenses borne by Responsible Entity	13	11	-	50,892	-	55	32	111	50
Other operating expenses		23	7	144,323	293,131	238	343	158	138
Total operating expenses		153	100	381,893	596,014	2,518	2,739	1,411	1,002
Net operating profit/(loss) attributable to unitholders before finance costs		5,297	1,187	9,830,122	(9,164,876)	92,361	(27,143)	93,127	(4,068)
Financing costs attributable to unitholders									
Distributions to unitholders	10	(1,361)	(3,158)	(4,067,127)	(1,078,734)	(20,668)	(30,245)	(9,596)	(8,238)
(Increase)/decrease in net assets attributable to unitholders	5	(3,936)	1,971	(5,762,995)	10,243,610	(71,693)	57,388	(83,531)	12,306
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 2021

	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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income		-	-	-	3	-	-	-	12
Dividend income		4,549	8,725	-	-	12,685	30,766	2,474	3,085
Trust distributions		128	477	30,568	24,115	83	138	34	92
Change in fair value of financial instruments held at fair value through profit or loss	4	66,824	(15,397)	58,489	5,830	137,744	53,634	51,478	9,978
Other investment income		73	1,634	-	1	26	184	120	69
Total investment income/(loss)		71,574	(4,561)	89,057	29,949	150,538	84,722	54,106	13,236
Expenses									
Management fees	13	1,528	1,615	422	359	206	221	130	289
Custody fees	13	138	72	-	-	291	318	136	67
Audit and tax fees	13	27	11	-	-	15	18	24	9
Transaction costs		153	314	-	-	189	438	43	58
Withholding tax expense		-	-	-	-	354	322	36	55
Performance fees	13	773	-	-	-	-	-	-	21
Other operating expenses borne by Responsible Entity	13	96	57	-	-	196	125	155	52
Other operating expenses		90	113	-	-	388	840	91	99
Total operating expenses		2,805	2,182	422	359	1,639	2,282	615	650
Net operating profit/(loss) attributable to unitholders before finance costs		68,769	(6,743)	88,635	29,590	148,899	82,440	53,491	12,586
Financing costs attributable to unitholders									
Distributions to unitholders	10	(30,181)	(24,016)	(63,032)	-	(65,429)	(166,860)	(23,379)	(27,659)
(Increase)/decrease in net assets attributable to unitholders	5	(38,588)	30,759	(25,603)	(29,590)	(83,470)	84,420	(30,112)	15,073
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
30 June 2021

	Note	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$	30 June 2020 \$	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Assets									
Cash and cash equivalents	12(b)	153	345	-	7,518,914	24,460	16,970	1,725	6,296
Deposits held with brokers for margin		-	-	-	677,762	2,414	-	258	1
Due from brokers - receivable for securities sold		-	-	-	-	-	455	-	-
Receivables	3	121	91	-	439,978	903	759	1,193	516
Financial assets held at fair value through profit or loss	6	<u>40,904</u>	<u>13,941</u>	<u>-</u>	<u>66,705,849</u>	<u>272,729</u>	<u>338,622</u>	<u>408,269</u>	<u>303,166</u>
Total assets		<u>41,178</u>	<u>14,377</u>	<u>-</u>	<u>75,342,503</u>	<u>300,506</u>	<u>356,806</u>	<u>411,445</u>	<u>309,979</u>
Liabilities									
Distribution payable	10	-	-	-	-	-	-	400	89
Due to brokers - payable for securities purchased		-	-	-	875,033	-	942	-	1,604
Payables	9	25	11	-	52,644	219	250	170	124
Financial liabilities held at fair value through profit or loss	7	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,234,485</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>25</u>	<u>11</u>	<u>-</u>	<u>3,162,162</u>	<u>533</u>	<u>1,192</u>	<u>570</u>	<u>1,817</u>
Net assets attributable to unitholders - liability	5	<u>41,153</u>	<u>14,366</u>	<u>-</u>	<u>72,180,341</u>	<u>299,973</u>	<u>355,614</u>	<u>410,875</u>	<u>308,162</u>

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

Morningstar Investment Funds - Series 2
Statements of financial position
30 June 2021

	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 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Assets									
Cash and cash equivalents	12(b)	2,982	4,029	6,374	6,814	3,404	9,826	9,787	9,650
Deposits held with brokers for margin		-	188	-	650	741	1,720	526	1,723
Due from brokers - receivable for securities sold		1,399	512	-	-	-	631	2,908	251
Receivables	3	419	585	7	20	2,771	3,345	543	712
Financial assets held at fair value through profit or loss	6	<u>257,553</u>	<u>241,914</u>	<u>330,847</u>	<u>282,740</u>	<u>657,736</u>	<u>537,564</u>	<u>205,365</u>	<u>175,860</u>
Total assets		<u>262,353</u>	<u>247,228</u>	<u>337,228</u>	<u>290,224</u>	<u>664,652</u>	<u>553,086</u>	<u>219,129</u>	<u>188,196</u>
Liabilities									
Distribution payable	10	-	-	43,544	-	1,906	1,064	-	-
Due to brokers - payable for securities purchased		12	718	-	-	-	1,894	3,334	289
Payables	9	976	184	35	44	183	277	84	64
Financial liabilities held at fair value through profit or loss	7	<u>-</u>	<u>-</u>	<u>10,078</u>	<u>6,854</u>	<u>-</u>	<u>60</u>	<u>41</u>	<u>24</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>988</u>	<u>902</u>	<u>53,657</u>	<u>6,898</u>	<u>2,089</u>	<u>3,295</u>	<u>3,459</u>	<u>377</u>
Net assets attributable to unitholders - liability	5	<u>261,365</u>	<u>246,326</u>	<u>283,571</u>	<u>283,326</u>	<u>662,563</u>	<u>549,791</u>	<u>215,670</u>	<u>187,819</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 2021

	Note	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'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		(15)	(14)	(66,787)	(86,593)	(89)	(152)	(185)	(232)
Dividends received		266	316	1,349,897	3,981,146	3,744	1,859	10,408	9,214
Trust distributions received		-	-	-	-	1,462	1,323	-	82
Interest received		-	-	-	2,501	-	-	-	1
Other income received		-	-	13,102	5,498	6	333	132	232
RITC received/(paid)		-	-	4,307	(623)	10	(9)	(4)	(5)
Management fees paid		(73)	(69)	-	-	(1,984)	(2,096)	(752)	(476)
Custody fees paid		(17)	(17)	(54,436)	(194,920)	(71)	(68)	(135)	(112)
Audit and tax fees paid		-	(1)	(11,503)	(5,889)	(16)	(8)	(31)	(13)
Performance fees paid		-	-	-	-	(95)	-	-	-
Other expenses paid		(34)	(7)	(203,573)	(301,159)	(294)	(376)	(262)	(193)
Withholding tax expense paid		(1)	-	(98,238)	(135,912)	-	(28)	-	-
<i>Net cash inflow/(outflow) from operating activities</i>	12(a)	127	208	932,769	3,264,049	2,673	778	9,171	8,498
<i>Cash flows from investing activities</i>									
Proceeds from sale of financial instruments held at fair value through profit or loss		22,683	16,883	84,514,000	92,965,478	324,847	153,101	168,252	199,199
Purchase of financial instruments held at fair value through profit or loss		(44,462)	(10,890)	(10,625,295)	(41,271,190)	(170,960)	(214,830)	(191,891)	(270,368)
<i>Net cash inflow/(outflow) from investing activities</i>		(21,779)	5,993	73,888,705	51,694,288	153,887	(61,729)	(23,639)	(71,169)
<i>Cash flows from financing activities</i>									
Proceeds from applications by unitholders		21,490	2,587	-	3,500,000	947	142,427	66,606	152,191
Payments for redemptions by unitholders		-	(8,816)	(78,961,155)	(53,850,236)	(148,949)	(66,485)	(55,649)	(86,218)
Distributions paid		-	-	(3,049,308)	-	-	-	(1,060)	(2,895)
<i>Net cash inflow/(outflow) from financing activities</i>		21,490	(6,229)	(82,010,463)	(50,350,236)	(148,002)	75,942	9,897	63,078

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 2021

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000
<i>Net increase/(decrease) in cash and cash equivalents</i>	(162)	(28)	(7,188,989)	4,608,101	8,558	14,991	(4,571)	407
Cash and cash equivalents at the beginning of the year	345	344	7,518,914	2,788,093	16,970	3,059	6,296	5,889
Effects of foreign currency exchange rate changes on cash and cash equivalents	(30)	29	(329,925)	122,720	(1,068)	(1,080)	-	-
<i>Cash and cash equivalents at the end of the year</i>	153	345	-	7,518,914	24,460	16,970	1,725	6,296

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 2021

	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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'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		(153)	(314)	-	-	(189)	(438)	(43)	(58)
Dividends received		4,335	9,001	-	-	13,129	31,030	2,591	3,024
Trust distributions received		234	605	-	-	90	137	34	94
Interest received		-	-	-	3	-	-	1	14
Other income received		73	70	1	1	26	184	120	69
RITC received/(paid)		(1)	7	13	(12)	48	(46)	(1)	3
Management fees paid		(1,530)	(1,636)	(432)	(343)	(207)	(229)	(127)	(314)
Custody fees paid		(122)	(130)	-	-	(329)	(534)	(122)	(132)
Audit and tax fees paid		(25)	(10)	-	-	(17)	(16)	(22)	(9)
Performance fees paid		-	(509)	-	-	-	-	-	(210)
Other expenses paid		(183)	(182)	-	-	(637)	(999)	(245)	(161)
Withholding tax expense paid		-	-	-	-	(354)	(322)	(36)	(55)
<i>Net cash inflow/(outflow) from operating activities</i>	12(a)	<u>2,628</u>	<u>6,902</u>	<u>(418)</u>	<u>(351)</u>	<u>11,560</u>	<u>28,767</u>	<u>2,150</u>	<u>2,265</u>
<i>Cash flows from investing activities</i>									
Proceeds from sale of financial instruments held at fair value through profit or loss		239,994	193,087	98,725	447,248	245,378	1,172,542	90,703	98,096
Purchase of financial instruments held at fair value through profit or loss		(189,939)	(166,549)	(53,900)	(168,347)	(227,516)	(445,330)	(66,714)	(50,806)
<i>Net cash inflow/(outflow) from investing activities</i>		<u>50,055</u>	<u>26,538</u>	<u>44,825</u>	<u>278,901</u>	<u>17,862</u>	<u>727,212</u>	<u>23,989</u>	<u>47,290</u>
<i>Cash flows from financing activities</i>									
Proceeds from applications by unitholders		6,200	31,994	59,607	248,380	103,516	266,672	23,275	42,587
Payments for redemptions by unitholders		(59,930)	(64,957)	(101,970)	(516,201)	(134,480)	(906,403)	(48,915)	(92,882)
Distributions paid		-	-	(2,483)	(5,270)	(4,321)	(115,447)	-	-
<i>Net cash inflow/(outflow) from financing activities</i>		<u>(53,730)</u>	<u>(32,963)</u>	<u>(44,846)</u>	<u>(273,091)</u>	<u>(35,285)</u>	<u>(755,178)</u>	<u>(25,640)</u>	<u>(50,295)</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 2021

	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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Net increase/(decrease) in cash and cash equivalents</i>	(1,047)	477	(439)	5,459	(5,863)	801	499	(740)
Cash and cash equivalents at the beginning of the year	4,029	3,552	6,814	1,716	9,826	9,368	9,650	10,166
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	(1)	(361)	(559)	(343)	(362)	224
<i>Cash and cash equivalents at the end of the year</i>	2,982	4,029	6,374	6,814	3,404	9,826	9,787	9,650

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 22 September 2021. 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 2020. 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 2020 that would be expected to have a material impact on the Funds. Since 1 July 2020, 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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000
Dividends receivable	37	12	-	385,301	605	217	1,168	492
Unit trust distributions receivable	-	-	-	-	-	25	-	-
Interest receivable	-	-	-	-	-	-	-	-
Withholding tax reclaims receivable	82	77	-	50,370	262	471	-	3
RITC receivable	2	2	-	4,307	36	46	25	21
Other receivables	-	-	-	-	-	-	-	-
Total receivables	121	91	-	439,978	903	759	1,193	516

	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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Dividends receivable	305	363	-	-	1,108	1,046	156	159
Unit trust distributions receivable	47	153	-	-	5	12	-	-
Interest receivable	-	-	-	-	-	-	13	14
Withholding tax reclaims receivable	32	35	-	-	1,644	2,225	366	532
RITC receivable	35	34	7	20	14	62	8	7
Other receivables	-	-	-	-	-	-	-	-
Total receivables	419	585	7	20	2,771	3,345	543	712

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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000
Financial instruments								
Net realised gain/(loss) on financial instruments held at fair value through profit or loss	1,175	2,940	9,266,727	(3,391,981)	16,420	20,639	(2,932)	7,489
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	<u>3,978</u>	(1,995)	-	(8,866,595)	<u>68,520</u>	(56,594)	<u>86,257</u>	(20,422)
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>5,153</u>	945	<u>9,266,727</u>	(12,258,576)	<u>84,940</u>	(35,955)	<u>83,325</u>	(12,933)
	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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'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	26,334	13,440	44,458	11,198	61,255	135,713	25,089	25,136
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	<u>40,490</u>	(28,837)	<u>14,031</u>	(5,368)	<u>76,489</u>	(82,079)	<u>26,389</u>	(15,158)
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>66,824</u>	(15,397)	<u>58,489</u>	5,830	<u>137,744</u>	53,634	<u>51,478</u>	9,978

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 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	-	-	-	-	-	-	-	-	11,116	14,366	12,395	19,408
Applications	-	-	-	-	-	-	-	-	13,979	21,490	1,649	2,587
Redemptions	-	-	-	-	-	-	-	-	-	-	(5,351)	(8,816)
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-	861	1,361	2,423	3,158
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	-	-	-	3,936	-	(1,971)
Closing balance	-	-	-	-	-	-	-	-	25,956	41,153	11,116	14,366

	Ibbotson International Shares Active (Unhedged) Trust											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$
Opening balance	-	-	-	-	-	-	-	-	98,269,925	72,180,341	161,507,175	131,695,453
Applications	-	-	-	-	-	-	-	-	-	-	4,274,392	3,500,000
Redemptions	-	-	-	-	-	-	-	-	(99,588,924)	(78,961,155)	1,336,887	(53,850,236)
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-	1,318,999	1,017,819	(68,848,529)	1,078,734
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	-	-	-	5,762,995	-	(10,243,610)
Closing balance	-	-	-	-	-	-	-	-	-	-	98,269,925	72,180,341

5 Net assets attributable to unitholders (continued)

	Ibbotson Supplementary Opportunities Trust											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	-	-	-	-	352,666	355,614	257,479	306,815	-	-	-	-
Applications	-	-	-	-	737	947	127,530	142,427	-	-	-	-
Redemptions	-	-	-	-	(133,406)	(148,949)	(61,754)	(66,485)	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	16,846	20,668	29,411	30,245	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	71,693	-	(57,388)	-	-	-	-
Closing balance	-	-	-	-	236,843	299,973	352,666	355,614	-	-	-	-

	Morningstar Australian Shares Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Opening balance	28,791	30,938	32,860	37,730	128,142	136,814	52,323	59,757	133,628	140,410	134,259	150,827
Applications	1,314	1,618	2,463	2,737	21,615	23,882	82,362	93,028	32,679	41,106	58,111	56,426
Redemptions	(4,454)	(5,356)	(6,532)	(7,221)	(20,791)	(25,465)	(8,973)	(9,429)	(21,786)	(24,828)	(62,102)	(69,568)
Units issued upon reinvestment of distributions	-	-	-	-	3,598	4,330	2,430	2,579	3,267	3,895	3,360	3,602
Increase/(decrease) in net assets attributable to unitholders	-	7,714	-	(2,308)	-	39,711	-	(9,121)	-	36,106	-	(877)
Closing balance	25,651	34,914	28,791	30,938	132,564	179,272	128,142	136,814	147,788	196,689	133,628	140,410

5 Net assets attributable to unitholders (continued)

	Morningstar Australian Shares High Alpha Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	-	-	-	-	198,710	187,185	194,625	218,876	62,524	59,141	59,443	67,156
Applications	-	-	-	-	432	500	33,483	27,144	4,994	5,700	5,190	4,850
Redemptions	-	-	-	-	(47,943)	(54,130)	(47,882)	(55,330)	(5,372)	(5,800)	(8,300)	(9,627)
Units issued upon reinvestment of distributions	-	-	-	-	19,736	21,194	18,484	17,972	8,315	8,987	6,191	6,044
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	30,025	-	(21,477)	-	8,563	-	(9,282)
Closing balance	-	-	-	-	170,935	184,774	198,710	187,185	70,461	76,591	62,524	59,141

	Morningstar International Shares (Hedged) Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	3,333	1,559	3,783	1,729	239,449	113,678	151,874	70,499	344,572	168,089	946,333	449,329
Applications	566	322	1,097	510	1,722	955	125,172	50,263	102,253	58,330	448,534	197,607
Redemptions	(708)	(402)	(1,547)	(710)	(98,081)	(52,877)	(37,597)	(17,142)	(91,383)	(48,691)	(1,050,295)	(498,349)
Units issued upon reinvestment of distributions	397	204	-	-	32,283	16,801	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	162	-	30	-	12,667	-	10,058	-	12,774	-	19,502
Closing balance	3,588	1,845	3,333	1,559	175,373	91,224	239,449	113,678	355,442	190,502	344,572	168,089

5 Net assets attributable to unitholders (continued)

	Morningstar International Shares (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	8,217	7,594	7,404	6,944	33,057	29,646	52,885	48,067	568,072	512,551	1,274,283	1,166,857
Applications	1,299	1,332	2,191	2,204	34,692	32,497	11,093	10,581	71,897	69,687	271,047	253,887
Redemptions	(1,264)	(1,295)	(1,742)	(1,691)	(43,603)	(41,614)	(33,544)	(30,640)	(93,741)	(91,571)	(1,030,604)	(874,072)
Units issued upon reinvestment of distributions	515	545	364	340	2,799	2,847	2,623	2,395	55,071	56,874	53,346	49,339
Increase/(decrease) in net assets attributable to unitholders	-	1,164	-	(203)	-	4,451	-	(757)	-	77,855	-	(83,460)
Closing balance	<u>8,767</u>	<u>9,340</u>	<u>8,217</u>	<u>7,594</u>	<u>26,945</u>	<u>27,827</u>	<u>33,057</u>	<u>29,646</u>	<u>601,299</u>	<u>625,396</u>	<u>568,072</u>	<u>512,551</u>

	Morningstar International Shares High Opportunities (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000	No.'000	\$'000
Opening balance	-	-	-	-	6,926	11,751	23,620	44,378	98,513	176,068	91,372	181,150
Applications	-	-	-	-	2,150	3,765	83	173	10,022	19,510	22,177	42,414
Redemptions	-	-	-	-	(1,507)	(3,015)	(17,763)	(33,245)	(22,481)	(45,900)	(29,451)	(59,637)
Units issued upon reinvestment of distributions	-	-	-	-	856	1,676	986	1,688	10,539	21,703	14,415	25,971
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	2,306	-	(1,243)	-	27,806	-	(13,830)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,425</u>	<u>16,483</u>	<u>6,926</u>	<u>11,751</u>	<u>96,593</u>	<u>199,187</u>	<u>98,513</u>	<u>176,068</u>

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

(b) Capital risk management

The Schemes manage their net assets attributable to unitholders as capital, 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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000
Financial assets held at fair value through profit or loss								
Derivatives								
Forward currency contracts	-	-	-	1,467,732	-	-	-	-
Australian share price index futures	-	-	-	-	-	-	4	-
International share price index futures	-	-	-	-	-	-	-	-
International exchange traded options	8	-	-	-	-	-	-	-
Total derivatives	8	-	-	1,467,732	-	-	4	-
Equity securities								
Australian equity securities listed on a prescribed stock exchange	-	-	-	-	30,678	33,523	407,166	301,693
International equity securities listed on a prescribed stock exchange	40,896	13,941	-	64,591,697	81,671	107,269	-	-
Total equity securities	40,896	13,941	-	64,591,697	112,349	140,792	407,166	301,693
Unlisted unit trusts								
Units in unlisted Australian equity trusts	-	-	-	-	116,634	148,732	-	-
Total unlisted unit trusts	-	-	-	-	116,634	148,732	-	-
Listed unit trusts								
Australian listed trusts	-	-	-	-	-	-	1,099	1,473
International listed trusts	-	-	-	646,420	43,746	45,984	-	-
Australian listed property trusts	-	-	-	-	-	3,114	-	-
International listed property trusts	-	-	-	-	-	-	-	-
Total listed unit trusts	-	-	-	646,420	43,746	49,098	1,099	1,473
Total financial assets held at fair value through profit or loss	40,904	13,941	-	66,705,849	272,729	338,622	408,269	303,166

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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	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	-	-	3,794	22,712	-	-	-	-
Australian share price index futures	-	9	-	-	-	-	-	-
International share price index futures	-	-	-	-	22	-	64	37
International exchange traded options	-	-	-	-	-	-	1	-
Total derivatives	-	9	3,794	22,712	22	-	65	37
Equity securities								
Australian equity securities listed on a prescribed stock exchange	132,048	228,628	-	-	-	-	2,570	2,335
International equity securities listed on a prescribed stock exchange	-	-	-	-	654,875	535,994	201,890	172,195
Total equity securities	132,048	228,628	-	-	654,875	535,994	204,460	174,530
Unlisted unit trusts								
Units in unlisted Australian equity trusts	120,440	-	327,053	260,028	-	-	-	-
Total unlisted unit trusts	120,440	-	327,053	260,028	-	-	-	-
Listed unit trusts								
Australian listed trusts	379	2,082	-	-	-	-	-	-
International listed trusts	-	-	-	-	1,174	494	27	25
Australian listed property trusts	4,686	11,195	-	-	-	-	-	-
International listed property trusts	-	-	-	-	1,665	1,076	813	1,268
Total listed unit trusts	5,065	13,277	-	-	2,839	1,570	840	1,293
Total financial assets held at fair value through profit or loss	257,553	241,914	330,847	282,740	657,736	537,564	205,365	175,860

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

7 Financial liabilities held at fair value through profit or loss

	Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$	\$	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities held at fair value through profit or loss								
Derivatives								
Forward currency contracts	-	2,234,485	-	-	10,078	6,854	-	-
International share price index futures	-	-	314	-	-	-	-	60
Total derivatives	-	2,234,485	314	-	10,078	6,854	-	60
Total financial liabilities held at fair value through profit or loss	-	2,234,485	314	-	10,078	6,854	-	60

	Morningstar International Shares High Opportunities (Unhedged) Fund	
	30 June 2021	30 June 2020
	Fair value	Fair value
	\$'000	\$'000
Financial liabilities held at fair value through profit or loss		
Derivatives		
Forward currency contracts	1	-
International share price index futures	40	24
Total derivatives	41	24
Total financial liabilities held at fair value through profit or loss	41	24

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

8 Remuneration of auditor

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Ernst & Young Australian firm								
Audit of financial statements	-	-	7,528	45,885	13,175	12,171	28,616	18,775
Other services - Compliance plan audit	<u>2,006</u>	-	<u>2,006</u>	<u>5,794</u>	<u>2,006</u>	<u>1,559</u>	<u>2,006</u>	<u>2,382</u>
Total remuneration for audit and other assurance services	<u>2,006</u>	-	<u>9,534</u>	<u>51,679</u>	<u>15,181</u>	<u>13,730</u>	<u>30,622</u>	<u>21,157</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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Ernst & Young Australian firm								
Audit of financial statements	21,878	18,071	-	-	14,791	23,626	19,514	16,278
Other services - Compliance plan audit	<u>2,006</u>	<u>2,292</u>	-	-	<u>2,006</u>	<u>3,076</u>	<u>2,006</u>	<u>2,062</u>
Total remuneration for audit and other assurance services	<u>23,884</u>	<u>20,363</u>	-	-	<u>16,797</u>	<u>26,702</u>	<u>21,520</u>	<u>18,340</u>

9 Payables

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000
Management fees payable	13	5	-	-	157	190	67	53
Custody fees payable	-	-	-	41,310	24	22	58	36
Performance fees payable	-	-	-	-	-	-	-	-
Audit and tax fees payable	10	4	-	2,976	4	4	10	6
Other payables	2	2	-	8,358	34	34	35	29
Total Payables	25	11	-	52,644	219	250	170	124

	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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fees payable	122	124	34	44	11	12	11	8
Custody fees payable	49	33	-	-	106	144	47	33
Performance fees payable	773	-	-	-	-	-	-	-
Audit and tax fees payable	7	5	-	-	5	7	6	4
Other payables	25	22	1	-	61	114	20	19
Total Payables	976	184	35	44	183	277	84	64

10 Distributions to unitholders

The distributions during the year were as follows:

	Morningstar Global Shares Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	-	-	-	-	-	-	-	-	10	0.0744	30	0.2846
- December	-	-	-	-	-	-	-	-	24	0.1752	76	0.7046
- March	-	-	-	-	-	-	-	-	-	-	16	0.1458
- June	-	-	-	-	-	-	-	-	<u>1,327</u>	<u>5.2821</u>	<u>3,036</u>	<u>0.6082</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361</u>	<u>5.5317</u>	<u>3,158</u>	<u>1.7432</u>

	Ibbotson International Shares Active (Unhedged) Trust											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	\$	CPU	\$	CPU	\$	CPU	\$	CPU	\$	CPU	\$	CPU
Distribution paid												
- September	-	-	-	-	-	-	-	-	1,017,819	1.1790	1,078,734	0.7327
- November	-	-	-	-	-	-	-	-	<u>3,049,308</u>	<u>4.0184</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,067,127</u>	<u>5.1974</u>	<u>1,078,734</u>	<u>0.7327</u>

10 Distributions to unitholders (continued)

Ibbotson Supplementary Opportunities Trust												
Class A				Class B				Class Z				
30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020		
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distribution paid												
- September	-	-	-	-	1,226	0.3794	1,835	0.7123	-	-	-	-
- December	-	-	-	-	1,655	0.5728	790	0.3041	-	-	-	-
- March	-	-	-	-	1,278	0.5756	1,145	0.3094	-	-	-	-
- June	-	-	-	-	16,509	7.3761	26,475	8.1106	-	-	-	-
	-	-	-	-	<u>20,668</u>	<u>8.9039</u>	<u>30,245</u>	<u>9.4364</u>	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Morningstar Australian Shares Fund												
Class A				Class B				Class Z				
30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020		
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distribution paid												
- September	245	0.8787	400	1.2279	1,278	0.8633	633	1.2117	1,115	0.9248	1,631	1.2810
- December	179	0.6669	333	1.0712	955	0.6388	842	1.0833	881	0.7411	1,504	1.1516
- March	294	1.1276	187	0.6302	1,410	1.0794	863	0.6547	1,423	1.1958	1,149	0.7286
- June	-	0.5591	-	-	687	0.5202	241	0.1886	729	0.6698	366	0.2980
	<u>143</u>	<u>0.5591</u>	<u>58</u>	<u>0.2010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257</u>	<u>0.6698</u>	<u>31</u>	<u>0.2980</u>
	<u>861</u>	<u>3.2323</u>	<u>978</u>	<u>3.1303</u>	<u>4,330</u>	<u>3.1017</u>	<u>2,579</u>	<u>3.1383</u>	<u>4,405</u>	<u>3.5315</u>	<u>4,681</u>	<u>3.4592</u>
Distribution payable												
- June	-	-	-	-	-	-	-	-	-	-	-	-
Morningstar Australian Shares High Alpha Fund												
Class A				Class B				Class Z				
30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020		
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distribution paid												
- September	-	-	-	-	1,258	0.6329	2,184	1.1219	484	0.7836	747	1.3027
- December	-	-	-	-	726	0.3631	1,720	0.8945	341	0.5661	608	1.1311
- March	-	-	-	-	273	0.1718	1,301	0.6812	124	0.1899	519	0.9030
- June	-	-	-	-	18,938	12.3412	12,767	6.8943	8,037	12.7409	4,170	7.1737
	-	-	-	-	<u>21,195</u>	<u>13.5090</u>	<u>17,972</u>	<u>9.5919</u>	<u>8,986</u>	<u>14.2805</u>	<u>6,044</u>	<u>10.5105</u>
	-	-	-	-	-	-	-	-	-	-	-	-

10 Distributions to unitholders (continued)

	Morningstar International Shares (Hedged) Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- February	-	-	-	-	2,483	13.9458	-	-	-	-	-	-
- June	204	11.4644	-	-	16,801	11.7417	-	-	-	-	-	-
Distribution payable												
- June	162	11.4644	-	-	-	-	-	-	43,382	12.2051	-	-
	<u>366</u>	<u>11.4644</u>	<u>-</u>	<u>-</u>	<u>19,284</u>	<u>25.6875</u>	<u>-</u>	<u>-</u>	<u>43,382</u>	<u>12.2051</u>	<u>-</u>	<u>-</u>
	Morningstar International Shares (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	35	0.4437	39	0.5179	290	0.4482	265	0.5029	2,764	0.4914	7,271	0.5786
- December	31	0.3651	35	0.4294	220	0.3371	245	0.3994	2,405	0.4341	6,393	0.4952
- February	-	-	14	0.1840	3,090	36.3054	17	0.0575	-	-	3,695	0.2676
- June	-	-	-	-	-	-	-	-	-	-	113,501	15.1411
- June	506	9.7129	298	6.2482	2,336	9.4634	1,867	6.0283	51,846	9.6924	32,156	6.2020
Distribution payable												
- June	300	9.7129	196	6.2482	-	-	-	-	1,606	9.6924	868	6.2020
	<u>872</u>	<u>10.5217</u>	<u>582</u>	<u>7.3795</u>	<u>5,936</u>	<u>46.5541</u>	<u>2,394</u>	<u>6.9881</u>	<u>58,621</u>	<u>10.6179</u>	<u>163,884</u>	<u>22.6845</u>

10 Distributions to unitholders (continued)

	Morningstar International Shares High Opportunities (Unhedged) Fund											
	Class A				Class B				Class Z			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distribution paid												
- September	-	-	-	-	-	-	38	0.1606	239	0.2306	443	0.4983
- December	-	-	-	-	15	0.1625	59	0.2789	577	0.5744	645	0.7492
- March	-	-	-	-	-	-	-	-	316	0.3596	511	0.5459
- June	-	-	-	-	1,661	21.9263	-	-	20,571	23.7482	-	-
- June	-	-	-	-	-	-	1,591	26.5664	-	-	24,372	28.7120
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>22.0888</u>	<u>1,688</u>	<u>27.0059</u>	<u>21,703</u>	<u>24,9128</u>	<u>25,971</u>	<u>30.5054</u>

11 Derivative financial instruments

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

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

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

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

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

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

(a) Futures

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

(b) Options

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

11 Derivative financial instruments (continued)

(c) Forward currency contracts

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

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

Morningstar Global Shares Fund					
2021			2020		
Fair values			Fair values		
Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy					
International exchange traded options	-	<u>8</u>	-	-	-
		<u>8</u>		-	-
Ibbotson International Shares Active (Unhedged) Trust					
2021			2020		
Fair values			Fair values		
Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities
\$	\$	\$	\$	\$	\$
Forward currency contracts	-	-	264,839,186	<u>1,467,732</u>	<u>(2,234,485)</u>
	-	-		<u>1,467,732</u>	<u>(2,234,485)</u>
Ibbotson Supplementary Opportunities Trust					
2021			2020		
Fair values			Fair values		
Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
International share price index futures	24,747	<u>(314)</u>	-	-	-
		<u>(314)</u>		-	-

11 Derivative financial instruments (continued)

Morningstar Australian Shares Fund					
2021					
Fair values					
Contract/Notional	Assets	Liabilities	Contract/Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy					
Australian share price index futures	903	<u>4</u>	<u>-</u>	-	<u>-</u>
		<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
Morningstar Australian Shares High Alpha Fund					
2021					
Fair values					
Contract/ Notional	Assets	Liabilities	Contract/	Assets	Liabilities
\$'000	\$'000	\$'000	Notional	\$'000	\$'000
Buy					
Australian share price index futures	-	<u>-</u>	<u>-</u>	1,620	<u>9</u>
		<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>
Morningstar International Shares (Hedged) Fund					
2021					
Fair values					
Contract/ Notional	Assets	Liabilities	Contract/	Assets	Liabilities
\$'000	\$'000	\$'000	Notional	\$'000	\$'000
Buy					
Forward currency contracts	1,502,048	<u>3,794</u>	<u>(10,078)</u>	2,258,857	<u>22,712</u>
		<u>3,794</u>	<u>(10,078)</u>	<u>22,712</u>	<u>(6,854)</u>

11 Derivative financial instruments (continued)

Morningstar International Shares (Unhedged) Fund						
2021						
Fair values						
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy						
Forward currency contracts	-	-	-	371	-	-
International share price index futures	1,428	<u>22</u>	<u>-</u>	4,965	<u>-</u>	<u>(60)</u>
		<u>22</u>	<u>-</u>		<u>-</u>	<u>(60)</u>
Morningstar International Shares High Opportunities (Unhedged) Fund						
2021						
Fair values						
	Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy						
Forward currency contracts	374	-	(1)	24	-	-
International share price index futures	5,115	64	(40)	5,977	37	(24)
International exchange traded options	-	<u>1</u>	<u>-</u>	-	<u>-</u>	<u>-</u>
		<u>65</u>	<u>(41)</u>		<u>37</u>	<u>(24)</u>

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 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$	30 June 2020 \$	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities								
Net operating profit/(loss)	5,297	1,187	9,830,122	(9,164,876)	92,361	(27,143)	93,127	(4,068)
Change in fair value of investments	(5,153)	(945)	(9,266,727)	12,258,576	(84,940)	35,955	(83,325)	12,933
(Increase)/decrease in receivables	(31)	(26)	422,018	298,808	(177)	(284)	(677)	(343)
Increase/(decrease) in payables	14	(8)	(52,644)	(128,459)	(31)	11	46	(24)
Trust distribution received/reinvested	-	-	-	-	(4,540)	(7,761)	-	-
Net cash inflow/(outflow) from operating activities	127	208	932,769	3,264,049	2,673	778	9,171	8,498
(b) Components of cash and cash equivalents								
Cash at bank	153	345	-	7,518,914	24,460	16,970	1,725	6,296
	153	345	-	7,518,914	24,460	16,970	1,725	6,296
(c) Non-cash financing and investing activities								
Reinvestment of unitholder distributions in the Schemes	(1,361)	(3,158)	(1,017,819)	(1,078,734)	(20,668)	(30,245)	(8,225)	(6,181)
Reinvestment of dividend and distribution income of the Schemes	-	-	-	-	(4,540)	(7,761)	-	-

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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'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)	68,769	(6,743)	88,635	29,590	148,899	82,440	53,491	12,586
Change in fair value of investments	(66,824)	15,397	(58,489)	(5,830)	(137,744)	(53,634)	(51,478)	(9,978)
(Increase)/decrease in receivables	166	839	13	(12)	499	217	152	(21)
Increase/(decrease) in payables	792	(2,163)	(9)	16	(94)	(256)	20	(289)
Trust distribution received/reinvested	(275)	(428)	(30,568)	(24,115)	-	-	(35)	(33)
Net cash inflow/(outflow) from operating activities	2,628	6,902	(418)	(351)	11,560	28,767	2,150	2,265
(b) Components of cash and cash equivalents								
Cash at bank	2,982	4,029	6,374	6,814	3,404	9,826	9,787	9,650
	2,982	4,029	6,374	6,814	3,404	9,826	9,787	9,650
(c) Non-cash financing and investing activities								
Reinvestment of unitholder distributions in the Schemes	(30,181)	(24,016)	(17,005)	-	(60,266)	(52,074)	(23,379)	(27,659)
Reinvestment of dividend and distribution income of the Schemes	(275)	(428)	(30,568)	(24,115)	-	-	(35)	(33)

13 Related party transactions

Responsible Entity

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

Parent Entities

The immediate Australian Parent Entity of the Responsible Entity is Morningstar Australasia Pty Limited. The ultimate parent is Morningstar Inc., a company incorporated in the US.

Key management personnel

(a) Directors

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

Daniel Needham (director)

Christopher Galloway (director)

James Wickham (director)

Scott Schilling (director)

Fiona White (company secretary)

(b) Other key management personnel

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

13 Related party transactions (continued)

Related party transactions

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Fees paid and payable to the Responsible Entity	<u>113,267</u>	<u>78,785</u>	<u>72,546</u>	<u>57,136</u>	<u>2,189,959</u>	<u>2,215,594</u>	<u>1,067,986</u>	<u>631,517</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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Fees paid and payable to the Responsible Entity	<u>2,562,850</u>	<u>1,755,083</u>	<u>422,194</u>	<u>359,219</u>	<u>708,070</u>	<u>681,098</u>	<u>445,164</u>	<u>438,783</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 2021			30 June 2020		
	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
000's units	%	\$'000	000's units	%	\$'000	
Morningstar Multi-Asset Real Return Fund	14,199	54.70	760	11,114	99.98	3,157
Ibbotson Supplementary Opportunities Trust	<u>11,754</u>	<u>45.29</u>	<u>601</u>	-	-	-
	<u>25,953</u>	<u>99.99</u>	<u>1,361</u>	<u>11,114</u>	<u>99.98</u>	<u>3,157</u>

13 Related party transactions (continued)

Related party schemes' unitholdings (continued)

Ibbotson International Shares Active (Unhedged) Trust						
30 June 2021			30 June 2020			
Entity Name	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
	units	%	\$	units	%	\$
Ibbotson Supplementary Opportunities Trust	-	-	246,725	26,716,200	27.19	336,422
Ibbotson WS Dynamic Growth Trust (Active)	-	-	244,817	20,765,236	21.13	202,635
Morningstar Multi-Asset Real Return Fund	-	-	66,958	8,063,962	8.21	131,363
Morningstar Multi-Asset All Growth Fund	-	-	459,320	42,724,528	43.47	408,314
	<u>-</u>	<u>-</u>	<u>1,017,820</u>	<u>98,269,926</u>	<u>100.00</u>	<u>1,078,734</u>

Morningstar Australian Shares Fund						
30 June 2021			30 June 2020			
Entity Name	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
	000's units	%	\$'000	000's units	%	\$'000
Ibbotson WS Dynamic Growth Trust (Active)	52,561	17.18	1,922	60,698	20.89	2,245
Morningstar Multi-Asset All Growth Fund	45,126	14.75	1,565	46,520	16.01	1,113
Morningstar Multi Asset Real Return Fund	11,738	3.84	407	15,851	5.46	243
	<u>109,425</u>	<u>35.77</u>	<u>3,894</u>	<u>123,069</u>	<u>42.36</u>	<u>3,601</u>

Morningstar Australian Shares High Alpha Fund						
30 June 2021			30 June 2020			
Entity Name	Number of units held	Interest held	Distributions paid/payable by the Scheme	Number of units held	Interest held	Distributions paid/payable by the Scheme
	000's units	%	\$'000	000's units	%	\$'000
Ibbotson WS Dynamic Growth Trust (Active)	48,384	20.04	6,168	43,139	16.51	4,135
Morningstar Multi-Asset All Growth Fund	22,077	9.15	2,818	19,385	7.42	1,909
	<u>70,461</u>	<u>29.19</u>	<u>8,986</u>	<u>62,524</u>	<u>23.93</u>	<u>6,044</u>

13 Related party transactions (continued)

Related party schemes' unitholdings (continued)

Morningstar International Shares (Hedged) Fund						
30 June 2021			30 June 2020			
Entity Name	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>206,677</u>	<u>38.67</u>	<u>25,225</u>	<u>188,339</u>	<u>32.07</u>	<u>-</u>
	<u>206,677</u>	<u>38.67</u>	<u>25,225</u>	<u>188,339</u>	<u>32.07</u>	<u>-</u>

Morningstar International Shares (Unhedged) Fund						
30 June 2021			30 June 2020			
Entity Name	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)	44,070	6.92	4,293	42,383	6.96	3,064
Morningstar International Shares (Hedged) Fund	314,401	49.36	30,568	288,123	47.28	24,115
Morningstar Multi-Asset All Growth Fund	63,119	9.91	6,127	60,403	9.91	4,085
Morningstar Multi Asset Real Return Fund	<u>9,105</u>	<u>1.43</u>	<u>818</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>430,695</u>	<u>67.62</u>	<u>41,806</u>	<u>390,909</u>	<u>64.15</u>	<u>31,264</u>

Morningstar International Shares High Opportunities (Unhedged) Fund						
30 June 2021			30 June 2020			
Entity Name	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)	19,381	18.46	4,299	13,475	12.78	3,596
Morningstar International Shares High Opportunities (Hedged) Fund	64,216	61.15	14,501	73,453	69.66	19,331
Morningstar Multi-Asset All Growth Fund	<u>12,995</u>	<u>12.37</u>	<u>2,903</u>	<u>11,586</u>	<u>10.99</u>	<u>3,044</u>
	<u>96,592</u>	<u>91.98</u>	<u>21,703</u>	<u>98,514</u>	<u>93.43</u>	<u>25,971</u>

13 Related party transactions (continued)

Key management personnel unitholdings

At 30 June 2021, no key management personnel held units in the Schemes (2020: 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 (2020: 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 2021				30 June 2020			
	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000	Units held 000's Units	Fair value of investment \$'000	Interest held %	Distribution received/ receivable \$'000
Ibbotson International Shares Active (Unhedged) Trust	-	-	-	247	26,716	19,612	27.19	336
Morningstar Global Opportunities Fund (formerly known as Ibbotson International Shares (Unhedged) Trust)	21,955	98,001	19.20	3,693	36,083	129,119	30.92	7,425
Morningstar Global Shares Fund	11,754	18,633	45.29	601	-	-	-	-
		<u>116,634</u>		<u>4,541</u>		<u>148,731</u>		<u>7,761</u>

Fund Name	Morningstar International Shares (Hedged) Fund				Morningstar International Shares (Hedged) Fund			
	30 June 2021				30 June 2020			
	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	314,401	327,053	49.36	30,568	288,123	260,028	47.28	24,115
		<u>327,053</u>		<u>30,568</u>		<u>260,028</u>		<u>24,115</u>

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

14 Financial risk management

(a) Financial risk management objectives, policies and processes

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

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

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

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

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

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

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

(b) Credit risk

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

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

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

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

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

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

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

Credit quality per class of debt instrument

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

14 Financial risk management (continued)

(c) Liquidity risk

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

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

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

	Morningstar Global Shares Fund									
	30 June 2021					30 June 2020				
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Payables	25	-	-	-	25	11	-	-	-	11
Net assets attributable to unitholders	<u>41,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,153</u>	<u>14,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,366</u>
Total financial liabilities	<u>41,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,178</u>	<u>14,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,377</u>

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

14 Financial risk management (continued)

(c) Liquidity risk (continued)

	Ibbotson International Shares Active (Unhedged) Trust									
	30 June 2021					30 June 2020				
	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
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due to brokers - payable for securities purchased	-	-	-	-	-	875,033	-	-	-	875,033
Payables	-	-	-	-	-	52,644	-	-	-	52,644
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	2,186,309	48,176	-	-	2,234,485
Net assets attributable to unitholders	-	-	-	-	-	<u>72,180,341</u>	-	-	-	<u>72,180,341</u>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,294,327</u>	<u>48,176</u>	<u>-</u>	<u>-</u>	<u>75,342,503</u>
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Forward Foreign Exchange										
Inflow	-	-	-	-	-	189,288,451	75,550,735	-	-	264,839,186
(Outflow)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,288,451)</u>	<u>(75,550,735)</u>	<u>-</u>	<u>-</u>	<u>(264,839,186)</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 2021					30 June 2020				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities held at fair value through profit or loss	-	314	-	-	314	-	-	-	-	-
Due to brokers - payable for securities purchased	-	-	-	-	-	942	-	-	-	942
Payables	219	-	-	-	219	250	-	-	-	250
Net assets attributable to unitholders	<u>299,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,973</u>	<u>355,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,614</u>
Total financial liabilities	<u>300,192</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>300,506</u>	<u>356,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,806</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 2021					30 June 2020				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution payable	400	-	-	-	400	89	-	-	-	89
Payables	170	-	-	-	170	124	-	-	-	124
Due to brokers - payable for securities purchased	-	-	-	-	-	1,604	-	-	-	1,604
Net assets attributable to unitholders	<u>410,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,875</u>	<u>308,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,162</u>
Total financial liabilities	<u>411,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,445</u>	<u>309,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,979</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 2021					30 June 2020				
	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	12	-	-	-	12	718	-	-	-	718
Payables	976	-	-	-	976	184	-	-	-	184
Net assets attributable to unitholders	<u>261,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,365</u>	<u>246,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,326</u>
Total financial liabilities	<u>262,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,353</u>	<u>247,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,228</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 2021					30 June 2020				
	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	43,544	-	-	-	43,544	-	-	-	-	-
Payables	35	-	-	-	35	44	-	-	-	44
Financial liabilities held at fair value through profit or loss	9,795	283	-	-	10,078	6,835	19	-	-	6,854
Net assets attributable to unitholders	<u>283,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,571</u>	<u>283,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,326</u>
Total financial liabilities	<u>336,945</u>	<u>283</u>	<u>-</u>	<u>-</u>	<u>337,228</u>	<u>290,205</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>290,224</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	991,807	510,241	-	-	1,502,048	1,852,545	406,312	-	-	2,258,857
(Outflow)	<u>(991,807)</u>	<u>(510,241)</u>	<u>-</u>	<u>-</u>	<u>(1,502,048)</u>	<u>(1,852,545)</u>	<u>(406,312)</u>	<u>-</u>	<u>-</u>	<u>(2,258,857)</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 2021					30 June 2020				
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Payable to brokers for margin	1,906	-	-	-	1,906	1,064	-	-	-	1,064
Distribution payable	183	-	-	-	183	277	-	-	-	277
Due to brokers - payable for securities purchased	-	-	-	-	-	1,894	-	-	-	1,894
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	60	-	-	60
Net assets attributable to unitholders	<u>662,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>662,563</u>	<u>549,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,791</u>
Total financial liabilities	<u>664,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,652</u>	<u>553,026</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>553,086</u>
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Forward Foreign Exchange										
Inflow	-	-	-	-	-	371	-	-	-	371
(Outflow)	-	-	-	-	-	(371)	-	-	-	(371)

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 2021					30 June 2020				
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Payables	84	-	-	-	84	64	-	-	-	64
Due to brokers - payable for securities purchased	3,334	-	-	-	3,334	289	-	-	-	289
Financial liabilities held at fair value through profit or loss	1	40	-	-	41	-	24	-	-	24
Net assets attributable to unitholders	<u>215,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,670</u>	<u>187,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,819</u>
Total financial liabilities	<u>219,089</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>219,129</u>	<u>188,172</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>188,196</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	374	-	-	-	374	24	-	-	-	24
(Outflow)	<u>(374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(374)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24)</u>

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

(d) Market risk

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

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

Currency risk

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

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

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

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

The table below indicates the currencies to which the Schemes had significant exposure at 30 June 2021 on its assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian dollar on net assets attributable to unitholders and net operating profit before distributions, with all other variables held constant.

		Morningstar Global Shares Fund				
30 June 2021		US Dollar	Euro	Japanese	Other	Total
		AS'000	AS'000	Yen	Currencies	AS'000
		AS'000	AS'000	\$'000	AS'000	AS'000
Assets						
Cash and cash equivalents		26	41	2	4	73
Receivables		9	17	11	82	119
Total assets		35	58	13	86	192
Liabilities						
Financial liabilities held at fair value through profit or loss		-	-	-	-	-
Total liabilities (excluding net assets attributable to unitholders)		-	-	-	-	-
		Morningstar Global Shares Fund				
30 June 2020		US Dollar	Euro	Japanese	Other	Total
		AS'000	AS'000	Yen	Currencies	AS'000
		AS'000	AS'000	AS'000	AS'000	AS'000
Assets						
Cash and cash equivalents		7	21	22	26	76
Receivables		10	19	6	53	88
Total assets		17	40	28	79	164
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)		-	-	-	-	-

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Ibbotson International Shares Active (Unhedged) Trust						
30 June 2021	US Dollar A\$	Euro A\$	British Pound A\$	Japanese Yen A\$	Other Currencies A\$	Total A\$
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Deposits held with brokers for margin*	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Total assets	-	-	-	-	-	-
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	-
Ibbotson International Shares Active (Unhedged) Trust						
30 June 2020	US Dollar A\$	Euro A\$	British Pound A\$	Japanese Yen A\$	Other Currencies A\$	Total A\$
Assets						
Cash and cash equivalents*	935,020	-	-	-	139,988	1,075,008
Deposits held with brokers for margin*	(421,189)	-	-	-	160,111	(261,078)
Receivables	42,759	-	-	-	392,912	435,671
Total assets	556,590	-	-	-	693,011	1,249,601
Liabilities						
Due to brokers payable for securities purchased	647,441	-	-	-	227,592	875,033
Total liabilities (excluding net assets attributable to unitholders)	647,441	-	-	-	227,592	875,033

*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)

30 June 2021	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	1,196	-	103	21,180	-	22,479
Deposits held with brokers for margin*	-	-	-	402	-	402
Due from brokers - receivable for securities sold	-	-	-	-	-	-
Receivables	<u>313</u>	<u>51</u>	<u>169</u>	<u>3</u>	<u>-</u>	<u>536</u>
Total assets	<u>1,509</u>	<u>51</u>	<u>272</u>	<u>21,585</u>	<u>-</u>	<u>23,417</u>
Liabilities						
Due to brokers payable for securities purchased	<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 2020	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	13,824	-	-	1,373	-	15,197
Due from brokers - receivable for securities sold	-	-	-	455	-	455
Receivables	<u>550</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>	<u>578</u>
Total assets	<u>14,374</u>	<u>-</u>	<u>-</u>	<u>1,856</u>	<u>-</u>	<u>16,230</u>
Liabilities						
Due to brokers payable for securities purchased	<u>-</u>	<u>-</u>	<u>-</u>	<u>942</u>	<u>-</u>	<u>942</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>942</u>	<u>-</u>	<u>942</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

		Morningstar Australian Shares High Alpha Fund					
30 June 2021		US Dollar	Euro	British Pound	Japanese Yen	Other Currencies	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Receivables		-	1	-	-	-	1
Total assets		-	1	-	-	-	1
		Morningstar Australian Shares High Alpha Fund					
30 June 2020		US Dollar	Euro	British Pound	Japanese Yen	Other Currencies	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Receivables		-	-	-	-	-	-
Total assets		-	-	-	-	-	-

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

	Morningstar International Shares (Hedged) Fund					
30 June 2021	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	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
Total assets	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Morningstar International Shares (Hedged) Fund						
30 June 2020	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	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
Total assets	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

30 June 2021	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	270	14	13	708	101	1,106
Deposits held with brokers for margin*	3,131	526	256	337	1	4,251
Due from brokers - receivable for securities sold	-	-	-	-	-	-
Receivables	<u>351</u>	<u>394</u>	<u>86</u>	<u>313</u>	<u>1,613</u>	<u>2,757</u>
Total assets	<u>3,752</u>	<u>934</u>	<u>355</u>	<u>1,358</u>	<u>1,715</u>	<u>8,114</u>
Liabilities						
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2020						
Assets						
Cash and cash equivalents	2,963	5	1	1,393	382	4,744
Deposits held with brokers for margin*	2,772	534	291	6	-	3,603
Due from brokers - receivable for securities sold	-	-	-	-	631	631
Receivables	<u>1,067</u>	<u>417</u>	<u>8</u>	<u>278</u>	<u>1,513</u>	<u>3,283</u>
Total assets	<u>6,802</u>	<u>956</u>	<u>300</u>	<u>1,677</u>	<u>2,526</u>	<u>12,261</u>
Liabilities						
Due to brokers payable for securities purchased	<u>1,087</u>	<u>-</u>	<u>-</u>	<u>807</u>	<u>-</u>	<u>1,894</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>1,087</u>	<u>-</u>	<u>-</u>	<u>807</u>	<u>-</u>	<u>1,894</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)

30 June 2021	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	4,596	1	8	278	195	5,078
Deposits held with brokers for margin*	49	-	-	-	-	49
Due from brokers - receivable for securities sold	1,810	46	69	147	789	2,861
Receivables	<u>135</u>	<u>93</u>	<u>13</u>	<u>14</u>	<u>273</u>	<u>528</u>
Total assets	<u>6,590</u>	<u>140</u>	<u>90</u>	<u>439</u>	<u>1,257</u>	<u>8,516</u>
Liabilities						
Due to brokers payable for securities purchased	<u>2,515</u>	<u>149</u>	<u>186</u>	<u>187</u>	<u>297</u>	<u>3,334</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>2,515</u>	<u>149</u>	<u>186</u>	<u>187</u>	<u>297</u>	<u>3,334</u>
30 June 2020	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	4,197	4	-	108	134	4,443
Deposits held with brokers for margin*	2,474	-	-	-	-	2,474
Due from brokers - receivable for securities sold	229	-	5	11	5	250
Receivables	<u>233</u>	<u>116</u>	<u>14</u>	<u>23</u>	<u>316</u>	<u>702</u>
Total assets	<u>7,133</u>	<u>120</u>	<u>19</u>	<u>142</u>	<u>455</u>	<u>7,869</u>
Liabilities						
Due to brokers payable for securities purchased	<u>158</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>123</u>	<u>289</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>158</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>123</u>	<u>289</u>

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

14 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Sensitivity analysis

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

	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 2021	151	(151)	5	(5)	27	(27)	2,158	(2,158)	-	-
30 June 2020	1,437	(1,437)	-	-	-	-	91	(91)	-	-

	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 2021	375	(375)	93	(93)	36	(36)	136	(136)	171	(171)
30 June 2020	571	(571)	96	(96)	30	(30)	87	(87)	253	(253)

	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 2021	408	(408)	(1)	1	(10)	10	25	(25)	96	(96)
30 June 2020	627	(627)	12	(12)	2	(2)	14	(14)	33	(33)

14 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk

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

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

Equity price risk

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

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

	Morningstar Global Shares Fund		Ibbotson International Shares Active (Unhedged) Trust		Ibbotson Supplementary Opportunities Trust		Morningstar Australian Shares Fund	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$	\$	\$'000	\$'000	\$'000	\$'000
30 June 2021	4,428	(4,428)	-	-	15,757	(15,757)	33,552	(33,552)
30 June 2020	1,506	(1,506)	3,392,382	(3,392,382)	17,270	(17,270)	25,466	(25,466)

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares (Hedged) Fund		Morningstar International Shares (Unhedged) Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021	22,624	(22,624)	31,274	(31,274)	29,019	(29,019)	11,325	(11,325)
30 June 2020	21,530	(21,530)	25,223	(25,223)	24,190	(24,190)	9,846	(9,846)

14 Financial risk management (continued)

(e) Fair value hierarchy

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

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

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

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

The table below sets out the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2021 and 30 June 2020.

	Morningstar Global Shares Fund							
	At 30 June 2021				At 30 June 2020			
	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	-	8	-	8	-	-	-	-
Equity securities	<u>40,896</u>	<u>-</u>	<u>-</u>	<u>40,896</u>	<u>13,941</u>	<u>-</u>	<u>-</u>	<u>13,941</u>
Total	<u>40,896</u>	<u>8</u>	<u>-</u>	<u>40,904</u>	<u>13,941</u>	<u>-</u>	<u>-</u>	<u>13,941</u>

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

Ibbotson International Shares Active (Unhedged) Trust							
At 30 June 2021				At 30 June 2020			
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	-	-	-	-	1,467,732	-	1,467,732
Equity securities	-	-	-	64,591,697	-	-	64,591,697
Listed unit trusts	-	-	-	646,420	-	-	646,420
Total	-	-	-	65,238,117	1,467,732	-	66,705,849
Financial liabilities							
Financial liabilities held at fair value through profit or loss:							
Derivatives	-	-	-	-	2,234,485	-	2,234,485
Total	-	-	-	-	2,234,485	-	2,234,485
Ibbotson Supplementary Opportunities Trust							
At 30 June 2021				At 30 June 2020			
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	112,349	-	-	112,349	140,792	-	140,792
Unlisted unit trusts	-	116,634	-	116,634	-	148,732	148,732
Listed unit trusts	43,746	-	-	43,746	49,098	-	49,098
Total	156,095	116,634	-	272,729	189,890	148,732	338,622
Derivatives	314	-	-	314	-	-	-
Total	314	-	-	314	-	-	-

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Morningstar Australian Shares Fund							
	At 30 June 2021				At 30 June 2020			
	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	4	-	-	4	-	-	-	-
Equity securities	407,166	-	-	407,166	301,693	-	-	301,693
Listed unit trusts	<u>1,099</u>	<u>-</u>	<u>-</u>	<u>1,099</u>	<u>1,473</u>	<u>-</u>	<u>-</u>	<u>1,473</u>
Total	<u>408,269</u>	<u>-</u>	<u>-</u>	<u>408,269</u>	<u>303,166</u>	<u>-</u>	<u>-</u>	<u>303,166</u>

	Morningstar Australian Shares High Alpha Fund							
	At 30 June 2021				At 30 June 2020			
	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	-	-	-	-	9	-	-	9
Equity securities	131,912	-	136	132,048	228,628	-	-	228,628
Unlisted unit trusts	-	120,440	-	120,440	-	-	-	-
Listed unit trusts	<u>5,065</u>	<u>-</u>	<u>-</u>	<u>5,065</u>	<u>13,277</u>	<u>-</u>	<u>-</u>	<u>13,277</u>
Total	<u>136,977</u>	<u>120,440</u>	<u>136</u>	<u>257,553</u>	<u>241,914</u>	<u>-</u>	<u>-</u>	<u>241,914</u>

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

Morningstar International Shares (Hedged) Fund								
	At 30 June 2021			At 30 June 2020				
	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	-	3,794	-	3,794	-	22,712	-	22,712
Unlisted unit trusts	-	327,053	-	327,053	-	260,028	-	260,028
Total	-	330,847	-	330,847	-	282,740	-	282,740
Financial liabilities								
Financial liabilities held at fair value through profit or loss:								
Derivatives	-	10,078	-	10,078	-	6,854	-	6,854
Total	-	10,078	-	10,078	-	6,854	-	6,854
Morningstar International Shares (Unhedged) Fund								
	At 30 June 2021			At 30 June 2020				
	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	22	-	-	22	-	-	-	-
Equity securities	654,875	-	-	654,875	535,994	-	-	535,994
Listed unit trusts	2,839	-	-	2,839	1,570	-	-	1,570
Total	657,736	-	-	657,736	537,564	-	-	537,564
Derivatives	-	-	-	-	60	-	-	60
Total	-	-	-	-	60	-	-	60

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

	Morningstar International Shares High Opportunities (Unhedged) Fund							
	At 30 June 2021				At 30 June 2020			
	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	64	1	-	65	37	-	-	37
Equity securities	204,460	-	-	204,460	174,526	-	4	174,530
Listed unit trusts	<u>840</u>	<u>-</u>	<u>-</u>	<u>840</u>	<u>1,293</u>	<u>-</u>	<u>-</u>	<u>1,293</u>
Total	<u>205,364</u>	<u>1</u>	<u>-</u>	<u>205,365</u>	<u>175,856</u>	<u>-</u>	<u>4</u>	<u>175,860</u>
Derivatives	<u>40</u>	<u>1</u>	<u>-</u>	<u>41</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total	<u>40</u>	<u>1</u>	<u>-</u>	<u>41</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>

(i) Transfers between levels

The following tables present the transfers between levels for the year ended 30 June 2021 and 30 June 2020.

	Morningstar Australian Shares High Alpha Fund					
	At 30 June 2021			At 30 June 2020		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30 June 2021						
Transfers between levels 1 and 3:						
Listed Equity securities		(136)	-	136	-	-

	Morningstar International Shares High Opportunities (Unhedged) Fund					
	At 30 June 2021			At 30 June 2020		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30 June 2021						
Transfers between levels 1 and 3:						
Listed Equity securities		-	-	-	(4)	4

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

(ii) Movement in level 3 instruments

The following table presents the movement in level 3 instruments for the year ended 30 June 2021 and 30 June 2020 by class of financial instrument.

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Debt securities				
Opening balance	-	-	4	-
Transfers in to/out of level 3	-	-	-	-
Transfers into level 3 from level 1	136	-	-	4
Gains and losses recognised in profit or loss	-	-	(4)	-
Closing balance	<u>136</u>	<u>-</u>	<u>-</u>	<u>4</u>

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

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

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

15 Performance fees

Performance fees paid and accrued are as follows:

	Morningstar Australian Shares High Alpha Fund		Morningstar International Shares High Opportunities (Unhedged) Fund	
	2021	2020	2021	2020
	\$	\$	\$	\$
Opening Performance fees accrual	-	2,072,909	-	189,640
Performance fee expense/(income)	773,134	(1,563,871)	-	20,712
Performance fees paid	-	(509,038)	-	(210,352)
Closing Performance fees accrual	773,134	-	-	-

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 2021 or on the results and cash flows of the Schemes for the year ended on that date (2020: Nil).

17 Contingent assets and liabilities and commitments

There are no contingent assets and liabilities or commitments as at 30 June 2021 (2020: 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 69 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 2021 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.

Chris
Galloway
Director

Digitally signed by
Chris Galloway
Date: 2021.09.22
13:28:51 +10'00'

Sydney

22 September 2021



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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 2021, 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 2021 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
22 September 2021