

Morningstar International Shares SC Fund

ARSN 092 232 203

Financial Report

For the year ended 30 June 2024

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Directors' report

The directors of Morningstar Investment Management Australia Limited (ABN 54 071 808 501) the "Responsible Entity", the Responsible Entity of Morningstar International Shares SC Fund, present their report together with the financial report of Morningstar International Shares SC Fund ("the Fund"), for the year ended 30 June 2024.

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia.

During the year, the Fund invested in funds in accordance with its investment return objectives and investment strategies as set out in the current product disclosure statement (PDS) and in accordance with the provisions of the Fund's Constitution.

On 29 August 2023, the Responsible Entity resolved to terminate the Fund.

The Fund did not have any employees during the year (2023: Nil).

Directors

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

Christopher Galloway (director)

Craig Hutcheson (director) (appointed 15 November 2023)

James Downing (director) (resigned 15 November 2023)

Joanne Brady (director)

Review of results and operations

During the year until the Fund's investments were liquidated, the Fund continued to invest in accordance with the investment objective and guidelines as set out in the current product disclosure statement, governing documents of the Fund and the provision of the Fund's Constitution. The significant majority of the unitholders' units were redeemed on 29 August 2023.

Results

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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Net Operating profit/(loss)	<u>29,132,980</u>	<u>136,264,829</u>
Distributions - Class Z		
Distribution paid and payable	<u>-</u>	<u>17,667,092</u>
Distribution (cents per unit)	<u>-</u>	<u>2.6459</u>

Material changes in state of affairs

Other than those disclosed Principal activities and Review of results and operations, in the opinion of the directors, there were no other material changes in the state of affairs of the Fund that occurred during the financial year.

Directors' report (continued)

Matters subsequent to the end of the financial year

Except for matters disclosed in Note 16 to financial statements, there have been no matters subsequent to the end of the financial year that materially affected, or may materially affect, the Fund.

Likely developments and expected results of operations

On 29 August 2023, the Responsible Entity resolved to terminate the Fund.

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 year, the Responsible Entity has not indemnified an officer or auditor of the Fund 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 Fund by the Responsible Entity or its associates

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

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

The number of interests in the Fund 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 Fund

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

The value of the Fund's assets and liabilities are disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.


Environmental regulation

The operations of the Fund is not subject to any particular or material environmental regulations under a law of the Commonwealth, State or Territory. There have been no known material breaches of any other environmental requirements applicable to the Fund.

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 3.

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



Director

Sydney

17 September 2024



**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 International Shares SC Fund

As lead auditor for the audit of the financial report of the Morningstar International Shares SC Fund as at 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) No contraventions of any applicable code of professional conduct in relation to the audit; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Elliott Shadforth'.

Elliott Shadforth
Partner
17 September 2024

Morningstar International Shares SC Fund
Statement of comprehensive income
For the year ended 30 June 2024

	Note	Year ended	
		30 June 2024	30 June 2023
		\$	\$
<i>Investment income</i>			
Interest income		10,793	28,871
Dividend income		815,881	15,754,231
Trust distributions		5,999	2,163,220
Changes in fair value of financial instruments held at fair value through profit or loss	4	29,956,787	119,424,266
Other investment income		<u>12</u>	<u>22,544</u>
<i>Total investment income/(loss)</i>		<u>30,789,472</u>	<u>137,393,132</u>
<i>Expenses</i>			
Custody fees	13	213,039	428,897
Audit and tax fees	8	15,910	28,272
Transaction costs		24,460	289,202
Withholding tax expense		-	58,035
Tax Reclaim write off		1,102,297	-
Other operating expenses borne by Responsible Entity		245,168	121,718
Other operating expenses		<u>55,618</u>	<u>202,179</u>
<i>Total operating expenses</i>		<u>1,656,492</u>	<u>1,128,303</u>
<i>Net operating profit/(loss) attributable to unitholders before finance costs</i>		<u>29,132,980</u>	<u>136,264,829</u>
<i>Financing costs attributable to unitholders</i>			
Distributions to unitholders	10	-	(17,667,092)
(Increase)/decrease in net assets attributable to unitholders	5	<u>29,132,980</u>	<u>(118,597,737)</u>
<i>Net profit/(loss) attributable to unitholders after finance costs</i>		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<i>Total comprehensive income for the financial year</i>		<u>-</u>	<u>-</u>

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

Morningstar International Shares SC Fund
Statement of financial position
30 June 2024

	Note	As at	
		30 June 2024	30 June 2023
		\$	\$
Cash and cash equivalents	12(b)	264,285	6,618,271
Deposits held with brokers for margin		-	119,264
Due from brokers - receivable for securities sold		-	21,630
Receivables	3	-	1,775,655
Financial assets held at fair value through profit or loss	6	-	820,946,151
Total assets		<u>264,285</u>	<u>829,480,971</u>
Liabilities			
Cash held on collateral (liability)		-	99
Payables	9	264,285	132,171
Financial liabilities held at fair value through profit or loss	7	-	751
Total liabilities (excluding net assets attributable to unitholders)		<u>264,285</u>	<u>133,021</u>
Net assets attributable to unitholders - liability	5	<u>-</u>	<u>829,347,950</u>

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

Morningstar International Shares SC Fund
Statement of changes in equity
For the year ended 30 June 2024

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

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

Morningstar International Shares SC Fund
Statement of cash flows
For the year ended 30 June 2024

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
<i>Cash flows from operating activities</i>		
Transaction costs of financial instruments held at fair value through profit or loss	(24,460)	(289,202)
Dividends received	1,330,017	15,979,398
Trust distributions received	45,671	2,155,761
Interest received	10,793	28,871
Other income received	170,713	49,721
RITC received/(paid)	-	(82,363)
Withholding tax expense paid	-	(58,035)
Custody fees paid	(248,952)	(607,815)
Audit and tax fees paid	(28,253)	(24,039)
Other expenses paid	<u>(120,416)</u>	<u>(319,189)</u>
<i>Net cash inflow/(outflow) from operating activities</i>	12(a) <u>1,135,113</u>	<u>16,833,108</u>
<i>Cash flows from investing activities</i>		
Proceeds from sale of financial instruments held at fair value through profit or loss	866,454,068	368,602,066
Purchase of financial instruments held at fair value through profit or loss	<u>(15,509,151)</u>	<u>(289,906,215)</u>
<i>Net cash inflow/(outflow) from investing activities</i>	<u>850,944,917</u>	<u>78,695,851</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	116,952	29,520,429
Payments for redemptions by unitholders	<u>(858,504,301)</u>	<u>(140,782,482)</u>
<i>Net cash inflow/(outflow) from financing activities</i>	<u>(858,387,349)</u>	<u>(111,262,053)</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>	(6,307,319)	(15,733,094)
Cash and cash equivalents at the beginning of the year	6,618,271	22,232,557
Effects of foreign currency exchange rate changes on cash and cash equivalents	<u>(46,667)</u>	<u>118,808</u>
<i>Cash and cash equivalents at the end of the financial year</i>	12(b) <u>264,285</u>	<u>6,618,271</u>

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

1 General information

These financial statements cover Morningstar International Shares SC Fund (“the Fund”) as an individual entity. The Fund was constituted on 27 March 2000 and was incorporated in Australia.

The Responsible Entity of the Fund is Morningstar Investment Management Australia Limited (“the Responsible Entity”). The Responsible Entity's registered office 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 Fund's Constitution to allow the Fund 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 report covers the year commencing 1 July 2023 and ended 30 June 2024, because the Fund have ceased investment operations and commenced steps to complete an orderly wind down on 29 August 2023.

The financial statements were approved and authorised for issue by the directors on 17 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to 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.

On 29 August 2023, the Responsible Entity resolved to terminate the Fund.

As such, the financial statements have been prepared on a liquidation basis whereby the Fund's assets have been measured at their net realisable values and the liabilities have been recognised at their net settlement value which is equivalent of their net realisable value at the year end date. Under this basis of accounting, the remaining assets and liabilities on the balance sheet are measured at their respective net realisable values.

Adoption of the liquidation basis of preparation has no impact on the carrying amount of assets and liabilities of the Fund.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollars unless otherwise stated under the option available to the Fund under ASIC Corporations Instrument 2016/191.

(i) Statement of Compliance

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

The Fund is for-profit entity for the purposes of preparing financial statements.

(ii) New and Amended Standards Adopted by the Fund

The Fund has applied the following standards and amendments for the first time for its annual reporting year commencing 1 July 2023:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates:* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the fund's financial statements.

(b) Changes in accounting standards

The Fund has adopted all mandatory standards and amendments for the year beginning 1 July 2023. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Fund.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that would be expected to have a material impact on the Fund. Since 1 July 2023, no standards have been issued, that are not yet effective, that would be expected to have a material impact on the Fund.

2 Summary of material accounting policy information (continued)

(c) Financial instruments

(i) Classification

The Fund's investments were 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 is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial 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 Fund 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 Fund 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 were derecognised when the right to receive cash flows from the investments has expired or the Fund 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 was 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 were measured initially at fair value excluding any transaction costs that were 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 were expensed immediately.

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss were measured at fair value. Gains and losses arising from the changes in the fair value were presented in the statements of comprehensive income within 'Changes in fair value of financial instruments at fair value through profit or loss' in the year in which they arose.

- Fair value in an active market

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

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that were not traded in an active market was 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.

2 Summary of material accounting policy information (continued)

(c) Financial instruments (continued)

(iii) Measurement (continued)

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

Where discounted cash flow techniques were used, estimated future cash flows were 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 were used, inputs were based on market data at the reporting date. Fair values for unquoted equity investments were 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 were not exchange-traded is estimated at the amount that the Fund received or paid 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 are 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 were recorded at the redemption value per unit as reported by the managers of such funds.

In accordance with the exception under *AASB 10 Consolidated Financial Statements*, the Fund does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss.

Assessment of Fund's 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 Fund.

The Responsible Entity has assessed whether the managed investment funds in which the Fund 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 Fund invests in were 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 were redeemable at the unitholders' option and were therefore classified as financial liabilities due to mandatory distributions. The units can be redeemed from the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units was measured at the redemption amount that was payable (based on the redemption unit price) at the reporting date if unitholders exercised their right to redeem units from the Fund.

(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 were readily convertible to known amounts of cash and which were subject to an immaterial risk of changes in value.

(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 Fund's right to receive the payment is established. Dividend income is presented net of withholding tax in the statements of comprehensive income.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

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

2 Summary of material accounting policy information (continued)

(g) Investment income (continued)

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 custodian fees, are recognised in the statements of comprehensive income on an accrual basis.

(i) Income tax

Under tax legislation, the Fund is not liable to pay income tax because the AMIT tax regime applies and unitholders are attributed the income of the Fund.

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 Fund is not subject to capital gains tax.

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

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

The Fund 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 Fund's Constitution, the Fund attributes its distributable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

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

Income not distributed 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 Fund's 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 Fund compete for funds and is regulated. The Australian dollar is also the Fund's 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 ended exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

2 Summary of material accounting policy information (continued)

(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 trust distributions and interest. Trust Distribution is accrued when the right to receive payment is established. Interest is accrued at the end of each reporting year from the time of last payment in accordance with the policy set out in Note 2(f) 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 Fund which are unpaid as at the end of the reporting year.

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

(p) Applications and redemptions

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

(q) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as investment management fees have been passed onto the Fund. The Fund 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) Use of estimates and material judgement

The Fund 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.

(s) Comparatives

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

3 Receivables

	As at	
	30 June 2024	30 June 2023
	\$	\$
Dividends receivable	-	498,098
Unit trust distributions receivable	-	36,936
Withholding tax reclaims receivable	-	1,069,919
RITC receivable	-	152,427
Other receivables	-	18,275
Total receivables	-	1,775,655

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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Financial instruments		
Net realised gain/(loss) on financial instruments held at fair value through profit or loss	185,188,269	9,181,099
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	(155,231,482)	110,243,167
Net gains/(losses) on financial instruments held at fair value through profit or loss	29,956,787	119,424,266

5 Net assets attributable to unitholders

The final redemptions were paid to unitholders of the Fund on 29 August 2023.

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

	Class Z			
	30 June 2024		30 June 2023	
	No.	\$	No.	\$
Opening balance	674,538,979	829,347,950	750,499,050	804,275,675
Applications	93,665	116,952	26,258,912	29,520,429
Redemptions	(674,632,644)	(858,597,882)	(116,772,611)	(140,712,982)
Units issued upon reinvestment of distributions	-	-	14,553,628	17,667,092
Increase/(decrease) in net assets attributable to unitholders	-	29,132,980	-	118,597,737
Closing balance	-	-	674,538,979	829,347,950

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

(b) Capital risk management

The Fund manages its net assets attributable to unitholders as capital, not withstanding net assets attributable to unitholders are classified as a liability.

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

The amount of net assets attributable to unitholders can materially change on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

6 Financial assets held at fair value through profit or loss

	As at	
	30 June 2024	30 June 2023
	Fair value	Fair value
	\$	\$
Financial assets held at fair value through profit or loss		
International share price index futures	-	49,245
Total derivatives	-	49,245
Equity securities		
International equity securities listed on a prescribed stock exchange	-	727,486,469
Total equity securities	-	727,486,469
Listed unit trusts		
Australian listed property trusts	-	82,710,717
International listed property trusts	-	10,699,720
Total listed unit trusts	-	93,410,437
Total financial assets held at fair value through profit or loss	-	820,946,151

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

	As at	
	30 June 2024	30 June 2023
	Fair value	Fair value
	\$	\$
Financial liabilities held at fair value through profit or loss		
Derivatives		
International share price index futures	-	751
Total derivatives	-	751
Total financial liabilities held at fair value through profit or loss	-	751

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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Ernst & Young Australian firm		
Audit of financial statements	1,357	31,163
Other services - Compliance plan audit	2,837	2,800
Total remuneration for audit and other assurance services	4,194	33,963

9 Payables

	As at	
	30 June 2024	30 June 2023
	\$	\$
Custody fees payable	-	35,913
Other payables	264,285	96,258
Total Payables	264,285	132,171

10 Distributions to unitholders

The distributions during the year were as follows:

	Class Z			
	30 June 2024		30 June 2023	
	\$	CPU	\$	CPU
Distribution paid				
- September	-	-	1,243,392	0.1660
- March	-	-	181,303	0.0239
- June	-	-	<u>16,242,397</u>	<u>2.4560</u>
	-	-	<u>17,667,092</u>	<u>2.6459</u>

11 Derivative financial instruments

In the normal course of business, the Fund 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 Fund's 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 Trust 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 were used for trading purposes, they were 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 Trust.

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

(a) Futures

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

(b) Forward currency contracts

Forward currency contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated securities. The Fund 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 year. The Fund recognise a gain or loss equal to the change in fair value at the end of each reporting year. Forward currency contracts are settled on a gross basis.

The Fund has no derivative financial instruments as at 30 June 2024. Derivative financial instruments as of 30 June 2023 are detailed below:

	30 June 2024			30 June 2023		
	Fair values			Fair values		
	Contract/ Notional \$	Assets \$	Liabilities \$	Contract/ Notional \$	Assets \$	Liabilities \$
Buy						
International share price index futures	-	-	-	2,970,262	46,245	(751)
	-	-	-	<u>2,970,262</u>	<u>49,245</u>	<u>(751)</u>

Risk exposures and fair value measurements

Information about the Fund's 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 year 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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Net operating profit/(loss)	29,132,980	136,264,828
Changes in fair value of investments	(29,956,787)	(119,424,265)
Dividends reinvested	-	(21,184)
(Increase)/decrease in receivables	1,826,806	183,706
Increase/(decrease) in payables	<u>132,114</u>	<u>(169,977)</u>
Net cash inflow/(outflow) from operating activities	<u>1,135,113</u>	<u>16,833,108</u>
(b) Components of cash and cash equivalents		
Cash at bank	<u>264,285</u>	<u>6,618,271</u>
	<u>264,285</u>	<u>6,618,271</u>
(c) Non-cash financing and investing activities		
Reinvestment of unitholder distributions in the Fund	-	17,667,092
Reinvestment of dividend and distribution income of the Fund	-	(21,184)

13 Related party transactions

Responsible Entity

The Responsible Entity of the Fund 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 Group Australia Pty Limited. The ultimate parent is Morningstar Inc., a company incorporated in the US.

Key management personnel

(a) Directors

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

Christopher Galloway (director)

Craig Hutcheson (director) (appointed 15 November 2023)

James Downing (director) (resigned 15 November 2023)

Joanne Brady (director)

(b) Other key management personnel

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

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 Fund and the Responsible Entity are as follows:

	30 June 2024	30 June 2023
	\$	\$
Fees incurred by the Responsible Entity	474,117	578,887
Fees payable to the Responsible Entity	<u>200,000</u>	<u>48,256</u>

13 Related party transactions (continued)

Key management personnel unitholdings

At 30 June 2024, no key management personnel held units in the Fund (2023: Nil).

Key management personnel remuneration

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

Key management personnel loan disclosures

The Fund 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 financial year.

Investments

The Fund held NIL investments in the related parties as of 30 June 2024 (2023: Nil).

14 Financial risk management

(a) Financial risk management objectives, policies and processes

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

Financial instruments of the Fund 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 was responsible for identifying and controlling the risks that arise from these financial instruments.

The risks were measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund 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, was also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund were willing to accept, with additional emphasis on selected industries.

This information was 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 Fund 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 Fund monitored 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 Fund.

The Fund's 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 Fund do not have a concentration of credit risk that arises from exposure to derivatives from a single, or small group of counterparties.

There were 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 Fund monitor the credit rating and financial positions of the brokers used to further mitigate this risk.

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

14 Financial risk management (continued)

(b) Credit risk (continued)

Credit risk is not considered to be significant to the Fund 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 Fund using Standard and Poor's rating categories, in accordance with the investment mandate of the Fund. The Fund's 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.

(c) Liquidity risk

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

This risk was controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintain sufficient cash and cash equivalents to meet normal operating requirements. Units were 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 Funds' 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.

	30 June 2024				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$	\$	\$	\$	\$
Cash held on collateral	-	-	-	-	-
Payables	264,285	-	-	-	264,285
Financial liabilities held at fair value through profit or loss	-	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	-
Total financial liabilities	264,285	-	-	-	264,285

	30 June 2023				
	Less than 1 month	1 - 6 months	7 - 12 months	Over 12 months	Total
	\$	\$	\$	\$	\$
Cash held on collateral	99	-	-	-	99
Payables	132,171	-	-	-	132,171
Financial liabilities held at fair value through profit or loss	-	751	-	-	751
Net assets attributable to unitholders	829,347,950	-	-	-	829,347,950
Total financial liabilities	829,480,220	751	-	-	829,480,971

The table above analyses the Fund's derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining year 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 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 Fund buys and sells derivatives in the ordinary course of business, and also incur financial liabilities, in order to manage market risks.

14 Financial risk management (continued)

(d) Market risk (continued)

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 Fund entered 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.

As of 30 June 2023, the Fund has no currency risk associated. The table below indicates the currencies to which the Fund has significant exposure at 30 June 2023 on its assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian dollar on net assets attributable to unitholders and net operating profit before distributions, with all other variables held constant

30 June 2023	US Dollar A\$	Euro A\$	British Pound A\$	Japanese Yen A\$	Other Currencies A\$	Total A\$
Assets						
Cash and cash equivalents	447,209	77,336	72,228	8,629	171,983	777,385
Cash held on collateral	1	-	-	-	-	1
Due from brokers receivable for securities sold*	-	-	-	-	21,630	21,630
Receivable	<u>393,267</u>	<u>385,729</u>	<u>103,797</u>	<u>71,138</u>	<u>651,023</u>	<u>1,604,954</u>
Total assets	<u>840,477</u>	<u>463,065</u>	<u>176,025</u>	<u>79,767</u>	<u>844,636</u>	<u>2,403,970</u>
Liabilities						
Cash held on collateral	-	-	-	-	99	99
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>99</u>

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

Interest rate risk

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

At the reporting date, the interest rate profile of the Funds' interest-bearing financial instruments were:

	30 June 2024			Total \$
	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	
Cash and cash equivalents	264,285	-	-	264,285
Deposits held with brokers for margin	-	-	-	-
Due from brokers - receivable for securities sold	-	-	-	-
Receivables	-	-	-	-
Financial assets held at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>264,285</u>	<u>-</u>	<u>-</u>	<u>264,285</u>
Liabilities				
Cash held on collateral (liability)	-	-	-	-
Due to brokers - payable for securities purchased	-	-	-	-
Payables	-	-	264,285	264,285
Financial liabilities held at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities excluding net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>264,285</u>	<u>264,285</u>
Net assets attributable to unitholders - liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net exposure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 June 2023			
Floating interest rate	Fixed interest rate	Non-interest bearing	Total

14 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

	30 June 2023			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	\$	\$	\$	\$
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	6,618,271	-	-	6,618,271
Deposits held with brokers for margin	119,264	-	-	119,264
Due from brokers - receivable for securities sold	-	-	21,630	21,630
Receivables	-	-	1,775,655	1,775,655
Financial assets held at fair value through profit or loss	-	-	820,946,151	820,946,151
Total assets	6,737,535	-	822,743,436	829,480,971
Liabilities				
Cash held on collateral (liability)	99	-	-	99
Payables	-	-	132,171	132,171
Financial liabilities held at fair value through profit or loss	-	-	751	751
Total liabilities excluding net assets attributable to unitholders	99	-	132,922	133,021
Net assets attributable to unitholders - liability	-	-	829,347,950	829,347,950
Net exposure	-	-	829,347,950	829,347,950

Sensitivity summary analysis

The sensitivity of the statements of comprehensive income is the effect of the assumed changes in interest rate on:

- i) changes in fair value of investments for the year, based on revaluing fixed rate financial assets at 30 June 2024; and
 - ii) the interest income for one year, based on the floating financial assets held at 30 June 2024.
- Sensitivity analysis for instruments held for hedging
There were no sensitivity effect on net assets attributable to unitholders as the Fund have no available for sale assets or designated hedging instruments.
 - Sensitivity analysis for fixed rate and variable rate instruments
The Fund account for fixed rate financial assets and liabilities at fair value through profit or loss. The effect of a change of 100 basis points in interest rates would have increased/decreased the net assets attributable to unitholders and profit or loss by the amount shown in the table below.

There is no interest rate risk since no investment are held in monetary market or in Fixed interest securities during the reporting year.

(e) Fair value hierarchy

The Fund 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 material 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 material 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 material 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.

At 30 June 2024 and 30 June 2023, the Fund had Russian securities and were valued at Nil. Consequent to the Russian invasion of Ukraine, the liquidity in Russian markets have frozen for an extended period of time and there is no foreseeable change to this condition. The Central Bank of Russia has imposed restrictions that do not allow residents of unfriendly states such as Australia, from selling the Russian securities or receiving dividends. Hence, the Valuation Committee has valued the Russian securities at Nil price.

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

The table below sets out the Fund's financial assets measured at fair value according to the fair value hierarchy at 30 June 2023.

	As at 30 June 2023			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets				
Financial assets held at fair value through profit or loss:				
Derivatives	49,245	-	-	49,245
Equity securities	727,486,469	-	-	727,486,469
Listed unit trusts	<u>93,410,437</u>	-	-	<u>93,410,437</u>
Total	<u>820,946,151</u>	-	-	<u>820,946,151</u>
Financial liabilities				
Financial liabilities held at fair value through profit or loss:				
Derivatives	<u>751</u>	-	-	<u>751</u>
Total	<u>751</u>	-	-	<u>751</u>

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include 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 unit trusts. 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 in unlisted unit trusts are recorded at the net asset value per unit as reported by the investment managers of such funds.

(i) Transfers between levels

There have been no transfers between levels for the year ended 30 June 2024 (2023: Nil).

15 Performance fees

No performance fees were accrued for the Fund for the year ended 30 June 2024 (2023: Nil).

16 Events subsequent to the reporting year

The Responsible Entity is in the process of submission of an application for the deregistration of the Fund with the Australian Securities and Investments Commission (ASIC).

Other than the event above, there were no other significant events have occurred since the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the fund for the year ended on that date (2023: Nil).

17 Contingent assets and liabilities and commitments

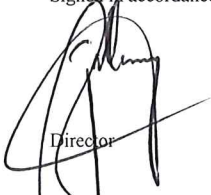
There are no contingent assets and liabilities or commitments as at 30 June 2024 (2023:Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 4 to 21 of Morningstar International Shares SC Fund are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2024 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 Fund will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Director
Sydney
17 September 2024



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Independent auditor's report to the unitholders of Morningstar International Shares SC Fund

Opinion

We have audited the financial report of Morningstar International Shares SC Fund, which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

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

- a. Giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its financial performance for the period ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Scheme 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Morningstar Investment Management Australia Limited as responsible entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - basis of accounting

We draw attention to Note 2 (a) of the financial report, which describes the basis of accounting. It is the directors' intention to wind up the Scheme prior to the next year end. As a result, the financial report has been prepared on a basis other than going concern as described in Note 2 (a). Our conclusion is not modified in respect of this matter.

Information Other than the Financial and Auditor's Report Thereon

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

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

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

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

Directors' responsibilities for the financial report

The directors of the Morningstar Investment Management Australia Limited ("the Responsible Entity") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's 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 basis of accounting. When such use is inappropriate and the directors use an alternative basis of accounting, we conclude on the appropriateness of the directors' use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Elliott Shadforth
Partner
Sydney
17 September 2024