DMP AUSTRALIAN SMALL COMPANIES TRUST

ARSN 609 023 654

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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This annual report covers DMP Australian Small Companies Trust as an individual entity.

The Responsible Entity of DMP Australian Small Companies Trust is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street,
Melbourne, VIC 3000.

DIRECTORS' REPORT

The directors of Equity Trustees Limited, the Responsible Entity of DMP Australian Small Companies Trust (the "Trust"), present their report together with the financial statements of the Trust for the year ended 30 June 2021.

Principal activities

The Trust invests in a diversified portfolio of unlisted equity securities and companies listed on the Australian Securities Exchange that are outside the S&P/ASX 100 in accordance with the Information Memorandum and the provisions of the Trust’s Constitution.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust’s activities during the year.

The various service providers for the Trust are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	SG Hiscock & Company Limited ("SGH")
Sub-Investment Manager	DMP Asset Management Ltd ("DMP")
Custodian	National Australian Bank Limited
Administrator	Mainstream Fund Services Pty Ltd
Statutory Auditor	Deloitte Touché Tohmatsu

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

Review and results of operations

During the year, the Trust continued to invest its funds in accordance with the Information Memorandum and the provisions of the Trust’s Constitution.

The Trust’s performance was 59.16% (net of fees) for the year ended 30 June 2021. The Trust's benchmark, the S&P/ASX Small Ordinaries Accumulation Index, returned 33.25% for the same period.

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

	Year ended	
	30 June 2021	30 June 2020
Profit/(loss) before finance costs attributable to unit holders for the year ($'000)	**4,605**	(31)
Ordinary Class		
Distributions paid and payable ($'000)	**1,408**	-
Distributions (cents per unit)	**14.57**	-

DIRECTORS' REPORT (CONTINUED)

Significant changes in the state of affairs

Ian C Westley resigned as a director of Equity Trustees Limited on 3 July 2020.

Harvey H Kalman resigned as a director of Equity Trustees Limited on 1 September 2020.

Russell W Beasley was appointed as a director of Equity Trustees Limited on 1 September 2020.

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

COVID-19 Outbreak

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Trust's investment portfolio. There is still some uncertainty around the impact of COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Trust. The Investment Manager however, actively manages the financial risks that the Trust is exposed to, and the Net Asset Values of the Trust continue to be valued in accordance with the frequency set out in the Trust’s Offer Documents, applying valuation policies reflective of the prevailing market conditions.

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 have a significant effect on:

i. the operations of the Trust in future financial years; or
ii. the results of those operations in future financial years; or
iii. the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the Information Memorandum and the provisions of the Trust’s Constitution.

The results of the Trust’s operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. 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.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Trust's Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Indemnification of auditor

The auditor of the Trust is in no way indemnified out of the assets of the Trust.

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

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

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

The number of interests in the Trust 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.

DIRECTORS' REPORT (CONTINUED)

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 6 to the financial statements.

The value of the Trust's assets and liabilities is 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 Trust are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191,* unless otherwise indicated.

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 5.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.

Philip D Gentry
Chairman

Melbourne
25 January 2022

Deloitte.

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The Board of Directors
Equity Trustees Limited
Level 1, 575 Bourke Street
MELBOURNE VIC 3000

25 January 2022

Dear Board Members,

Independence Declaration – DMP Australian Small Companies Trust

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Equity Trustees Limited, the Responsible Entity, regarding the financial report of DMP Australian Small Companies Trust (the "Trust").

As lead audit partner for the audit of the financial statements of the Trust for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chester Hii
Partner
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 June 2021 $'000	30 June 2020 $'000
Investment income			
Interest income received from financial assets at fair value through profit or loss		**1**	1
Dividend and distribution income		**32**	7
Net gains/(losses) on financial instruments at fair value through profit or loss		**5,158**	27
Other income		**50**	2
Total investment income/(loss)		**5,241**	37
Expenses			
Management fees	13	**79**	19
Performance fees	13	**460**	-
Custody and administration fees		**9**	13
Transaction costs		**55**	36
Other expenses		**33**	-
Total expenses		**636**	68
Profit/(loss) before finance costs attributable to unit holders for the year		**4,605**	(31)
Finance costs attributable to unit holders			
Distributions to unit holders	7	**(1,408)**	-
(Increase)/decrease in net assets attributable to unit holders	6	**(3,197)**	31
Profit/(loss) for the year		**-**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**-**	-

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

STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2021 $'000	30 June 2020 $'000
Assets			
Cash and cash equivalents	8	**1,336**	480
Receivables	10	**6**	1
Due from brokers – receivable for securities sold		**37**	157
Financial assets at fair value through profit or loss	5	**15,306**	5,956
Total assets		**16,685**	6,594
Liabilities			
Payables	11	**496**	19
Distributions payable		**1,408**	-
Due to brokers - payable for securities purchased		**-**	149
Total liabilities (excluding net assets attributable to unit holders)		**1,904**	168
Net assets attributable to unit holders – liability	6	**14,781**	6,426

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

STATEMENT OF CHANGES IN EQUITY

	Year ended	
	30 June 2021 $'000	30 June 2020 $'000
Total equity at the beginning of the financial year	**-**	-
Profit/(loss) for the year	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income	**-**	-
Transactions with unit holders in their capacity as owners	**-**	-
Total equity at the end of the financial year*	**-**	-

* Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

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

STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**12,608**	5,722
Payments for purchase of financial instruments at fair value through profit or loss		**(16,829)**	(9,834)
Interest income received from financial assets at fair value through profit or loss		**1**	1
Dividends and distributions received		**32**	10
Other income received		**50**	2
Management fees paid		**(79)**	(2)
Custody and administration fees		**(8)**	(13)
Transaction costs paid		**(55)**	(36)
Other expenses paid		**(22)**	(1)
Net cash inflow/(outflow) from operating activities	9(a)	**(4,302)**	(4,151)
Cash flows from financing activities			
Proceeds from applications by unit holders		**5,586**	4,995
Payments for redemptions by unit holders		**(428)**	(474)
Net cash inflow/(outflow) from financing activities		**5,158**	4,521
Net increase/(decrease) in cash and cash equivalents		**856**	370
Cash and cash equivalents at the beginning of the year		**480**	110
Cash and cash equivalents at the end of the year	8	**1,336**	480
Non-cash operating and financing activities	9(b)	**-**	-

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

NOTES TO THE FINANCIAL STATEMENTS

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2. Summary of significant accounting policies
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1. GENERAL INFORMATION

These financial statements cover DMP Australian Small Companies Trust (the "Trust") as an individual entity. The Trust is an Australian registered managed investment scheme which was constituted on 11 November 2015 and will terminate in accordance with the provisions of the Trust's Constitution or by Law.

The Responsible Entity of the Trust is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The Trust invests in a diversified portfolio of unlisted equity securities and companies listed on the Australian Securities Exchange that are outside the S&P/ASX 100 in accordance with the Information Memorandum and the provisions of the Trust’s Constitution.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Trust's investment portfolio. There is still some uncertainty around the impact of COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Trust. The Investment Manager however, actively manages the financial risks that the Trust is exposed to, and the Net Asset Values of the Trust continue to be valued in accordance with the frequency set out in the Trust’s Offer Documents, applying valuation policies reflective of the prevailing market conditions.

The financial statements were authorised for issue by the directors on the date the Directors’ declaration was signed. 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 Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Trust is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Trust manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemed on demand at the unit holder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Trust also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. New and amended standards adopted by the Trust

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 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of preparation (continued)

iii. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Trust.

b. Financial instruments

i. Classification

• Financial assets

The Trust classifies its financial assets in the following measurement categories:
- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Trust classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Trust's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise, on specified dates, to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

• Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable and management fees payable).

ii. Recognition and derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all the risks and rewards of ownership. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii. Measurement

• Financial instruments at fair value through profit or loss

At initial recognition, the Trust measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Financial instruments (continued)

iii. Measurement (continued)

For further details on how the fair values of financial instruments are determined please see Note 4 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, due from brokers and receivables are carried at amortised cost.

iv. Impairment

At each reporting date, the Trust shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

v. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Trust has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

c. Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The units are classified as financial liabilities as the Trust is required to distribute its distributable income in accordance with the Trust's Constitution.

The units can be put back to the Trust at any time for cash based on the redemption price, which is equal to a proportionate share of the Trust's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and 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.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Trust's main income generating activity.

e. Investment income

i. Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

ii. Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Trust currently incurs withholding tax imposed by certain countries on investment income.

f. Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

g. Income tax

Under current legislation, the Trust is not subject to income tax provided it distributes the entirety of its taxable income to its unit holders on present entitlement basis.

h. Distributions

The Trust distributes its distributable income, in accordance with the Trust's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

i. Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Trust's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

j. Foreign currency translation

Functional and presentation currency

Balances included in the Trust'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 Trust competes for funds and is regulated. The Australian dollar is also the Trust's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

l. Receivables

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

m. Payables

Payables include liabilities and accrued expenses owed by the Trust which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

n. Applications and redemptions

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

o. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as management, administration and custodian services where applicable, have been passed on to the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

p. Use of estimates and judgements

The Trust makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements 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 Trust's financial instruments, quoted market prices are readily available.

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

The Trust estimates that the resultant expected credit loss (ECL) derived from using impairment model has not materially impacted the Trust. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

q. Rounding of amounts

The Trust is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

3. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks including market risk (which incorporates price risk and interest rate risk), credit risk and liquidity risk.

The Trust's overall risk management programme focuses on ensuring compliance with the Trust's Information Memorandum and the investment guidelines of the Trust. It also seeks to maximise the returns derived for the level of risk to which the Trust is exposed and seeks to minimise potential adverse effects on the Trust's financial performance. The Trust's policy allows it to use derivative financial instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions.

The investments of the Trust, and associated risks, are managed by a specialist Investment Manager, SG Hiscock & Company Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Trust, consistent with those stated in the Information Memorandum. SG Hiscock & Company Limited have appointed a Sub-Investment Manager, DMP Asset Management Ltd, under a Sub-Investment Management Agreement (sub IMA).

The Trust uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

a. Market risk

i. Price risk

The Trust is exposed to price risk on unlisted equity securities and on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Trust for which prices in the future are uncertain.

The Trust seeks to mitigate price risk by ensuring that the Trust is managed in line with its IMA, including a restriction on the maximum holding as a percentage of the overall Trust of any single security (which is 10%). The Investment Manager monitors the portfolio on a daily basis to ensure compliance with IMA requirements.

The table at Note 3(b) summarises the sensitivities of the Trust's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Trust invests moves by +/-10% (2020: +/-10%).

ii. Interest rate risk

The majority of the Trust's assets are held in equities which are non-interest bearing securities. Hence, the Trust is not exposed to significant interest rate risk. The impact of interest rate risk on profit and net assets attributable to unitholders is considered immaterial to the Trust.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Trust to interest rate risk.

b. Summarised sensitivity analysis

In determining the impact of an increase/decrease in net assets attributable to unit holders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonably possible shift in assumptions.

The Trust has not changed the methods or assumptions used to determine its sensitivity to the market risk compared to the comparative period.

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Trust's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Summarised sensitivity analysis (continued)

	Impact on operating profit/net assets attributable to unit holders	
	Price risk	
	+10%	-10%
	$'000	$'000
As at 30 June 2021	**1,531**	**(1,531)**
As at 30 June 2020	596	(596)

c. Credit risk

The Trust is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Trust.

The Trust does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics.

The main concentration of credit risk, to which the Trust is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying of these balances at the reporting date.

d. Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Trust may arise from the requirement to meet weekly unit holder redemption requests.

Liquidity risk is managed by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of.

In order to manage the Trust's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Trust did not reject or withhold any redemptions during 2021 and 2020.

Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Trust in the current period have maturities of less than 1 month.

4. FAIR VALUE MEASUREMENT

The Trust measures and recognises the financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (see Note 5)

The Trust has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair value measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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 or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Trust values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

4. FAIR VALUE MEASUREMENT (CONTINUED)

a. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Trust is the current bid price; the quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

b. Fair value in an inactive or unquoted market (level 2 and level 3)

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 other 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.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

There are instruments in the level 3 portfolio held at cost at year end because there was no material difference between cost and fair value.

c. Recognised fair value measurements

The table below presents the Trust's financial assets and liabilities measured and recognised at fair value as at 30 June 2021.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2021				
Financial assets				
Listed equity securities	**13,372**	**826**	**27**	**14,225**
Unlisted equity securities	**-**	**570**	**511**	**1,081**
Total financial assets	**13,372**	**1,396**	**538**	**15,306**
As at 30 June 2020				
Financial assets				
Listed equity securities	5,848	-	-	5,848
Unlisted equity securities	-	108	-	108
Total financial assets	5,848	108	-	5,956

d. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The following table presents the transfers between levels for the year ended 30 June 2021 (30 June 2020: nil).

	Level 1 $'000	Level 2 $'000	Level 3 $'000
As at 30 June 2021			
Transfer between levels 1 and 2			
Listed equity securities	**(130)**	**130**	**-**
Transfer between levels 1 and 3			
Listed equity securities	**(27)**	**-**	**27**
Transfer between levels 2 and 3			
Unlisted equity securities	**-**	**(340)**	**340**

4. FAIR VALUE MEASUREMENT (CONTINUED)

e. Fair value measurements using significant unobservable inputs (level 3)

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

	Listed equity securities $'000	Unlisted equity securities $'000	Total $'000
Opening balance - 1 July 2020	-	-	-
Transfers into/(out) from level 3	27	340	367
Purchases	-	290	290
Sales	-	(120)	(120)
Gains/(losses) recognised in the statement of comprehensive income	-	1	1
Closing balance - 30 June 2021*	27	511	538

* Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period.

i. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for the year ended 30 June 2021 (30 June 2020: nil). See Note 4(b) above for the valuation techniques adopted.

Description	Fair value $'000	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
As at 30 June 2021				
Listed equity securities	27	Last market price	10%/(10%)	3/(3)
Unlisted equity securities	511	Last market price	10%/(10%)	51/(51)
As at 30 June 2020				
Listed equity securities	-	-	-	-
Unlisted equity securities	-	-	-	-

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

ii. Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period and are disclosed in Note (e) above.

f. Financial instruments not carried at fair value

The carrying values of cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

4. FAIR VALUE MEASUREMENT (CONTINUED)

f. Financial instruments not carried at fair value (continued)

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2021 $'000	30 June 2020 $'000
Listed equity securities	**14,225**	5,848
Unlisted equity securities	**1,081**	108
Total financial assets at fair value through profit or loss	**15,306**	5,956

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

6. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - LIABILITY

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	Year ended		Year ended	
	30 June 2021 Units	**30 June 2021 $'000**	30 June 2020 Units	30 June 2020 $'000
Ordinary Class				
Opening balance	**6,112**	**6,426**	-	-
Applications	**3,876**	**5,586**	4,662	4,995
Redemptions	**(321)**	**(428)**	(440)	(474)
Reinvestment of distributions	**-**	**-**	-	-
Increase/(decrease) in net assets attributable to unit holders	**-**	**3,197**	-	(31)
Transfer in/(out)	**-**	**-**	1,890	1,936
Closing balance	**9,667**	**14,781**	6,112	6,426
Fee Free Class				
Opening balance	**-**	**-**	1,449	1,507
Applications	**-**	**-**	-	-
Redemptions	**-**	**-**	-	-
Reinvestment of distributions	**-**	**-**	-	-
Increase/(decrease) in net assets attributable to unit holders	**-**	**-**	-	-
Transfer in/(out)	**-**	**-**	(1,449)	(1,507)
Closing balance	**-**	**-**	-	-
Fee Paying Class				
Opening balance	**-**	**-**	369	348
Applications	**-**	**-**	-	-
Redemptions	**-**	**-**	-	-
Reinvestment of distributions	**-**	**-**	-	-
Increase/(decrease) in net assets attributable to unit holders	**-**	**-**	-	-
Transfer in/(out)	**-**	**-**	(369)	(348)
Closing balance	**-**	**-**	-	-
Retail Class				
Opening balance	**-**	**-**	72	81
Applications	**-**	**-**	-	-
Redemptions	**-**	**-**	-	-
Reinvestment of distributions	**-**	**-**	-	-
Increase/(decrease) in net assets attributable to unit holders	**-**	**-**	-	-
Transfer in/(out)	**-**	**-**	(72)	(81)
Closing balance	**-**	**-**	-	-
Closing balance		**14,781**		6,426

6. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - LIABILITY (CONTINUED)

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

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Trust considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Trust's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Trust's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders.

7. DISTRIBUTIONS TO UNIT HOLDERS

The distributions declared for the year were as follows:

	Year ended		Year ended	
	30 June 2021 $'000	**30 June 2021 CPU**	30 June 2020 $'000	30 June 2020 CPU
Distributions - Ordinary Class				
June (payable)	**1,408**	**14.57**	-	-
Total distributions	**1,408**	**14.57**	-	-

8. CASH AND CASH EQUIVALENTS

	As at	
	30 June 2021 $'000	30 June 2020 $'000
Cash at bank	**1,336**	480
Total cash and cash equivalents	**1,336**	480

9. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

a. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2021 $'000	30 June 2020 $'000
Profit/(loss) for the year	**-**	-
Increase/(decrease) in net assets attributable to unit holders	**3,197**	(31)
Distributions to unit holders	**1,408**	-
Proceeds from sale of financial instruments at fair value through profit or loss	**12,608**	5,722
Payments for purchase of financial instruments at fair value through profit or loss	**(16,829)**	(9,834)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(5,158)**	(27)
Net change in receivables	**(5)**	2
Net change in payables	**477**	17
Net cash inflow/(outflow) from operating activities	**(4,302)**	(4,151)

9. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (CONTINUED)

b. Non-cash operating and financing activities

	Year ended	
	30 June 2021 $'000	30 June 2020 $'000
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan.	**-**	-
Total non-cash operating and financing activities	**-**	-

10. RECEIVABLES

	As at	
	30 June 2021 $'000	30 June 2020 $'000
GST receivable	**6**	1
Total receivables	**6**	1

11. PAYABLES

	As at	
	30 June 2021 $'000	30 June 2020 $'000
Management fees payable	**19**	19
Performance fees payable	**460**	-
Custody and administration fees payable	**1**	-
Other payable	**16**	-
Total payables	**496**	19

12. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditors of the Trust:

	Year ended	
	30 June 2021 $	30 June 2020 $
Deloitte Touche Tohmatsu		
Audit and other assurance services		
Audit of financial statements	**10,000**	6,200
Audit of compliance plan	**-**	3,890
Total auditor remuneration and other services	**10,000**	10,090
Taxation services		
Tax compliance services	**6,983**	5,660
Total remuneration for taxation services	**6,983**	5,660
Total remuneration of Deloitte Touche Tohmatsu	**16,983**	15,750
PricewaterhouseCoopers		
Audit and other assurance services		
Audit of compliance plan	**2,342**	-
Total auditor remuneration and other services	**2,342**	-
Total remuneration of PricewaterhouseCoopers	**2,342**	-

The auditors' remuneration is borne by the Responsible Entity. Fees are stated exclusive of GST.

13. RELATED PARTY TRANSACTIONS

The Responsible Entity of DMP Australian Small Companies Trust is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to SG Hiscock & Company Limited to act as Investment Manager for the Trust, National Australia Bank Limited to act as Custodian for the Trust and Mainstream Fund Services Pty Ltd to act as Administrator for the Trust. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the financial year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

ii. Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

iii. Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly during the financial year.

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

c. Key management personnel unit holdings

Key management personnel did not hold units in the Trust as at 30 June 2021 (30 June 2020: nil).

d. Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Trust to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

e. Key management personnel loans

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

f. Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust during the financial year and there were no material contracts involving management personnel's interests existing at year end.

g. Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Trust's Constitution and Information Memorandum for the Trust, the Responsible Entity and the Investment Manager are entitled to receive management fees. The Investment Manager is also entitled to receive performance fees.

13. RELATED PARTY TRANSACTIONS (CONTINUED)

g. Responsible Entity fees, Investment Manager's fees and other transactions (continued)

The transactions during the year and amounts payable as at year end between the Trust, the Responsible Entity and the Investment Manager were as follows:

	Year ended 30 June 2021 $	30 June 2020 $
Management fees for the year	**78,668**	19,464
Performance fees for the year	**459,683**	-
Management fees payable at year end	**18,990**	18,856
Performance fees payable at year end	**459,683**	-

For information on how management and performance fees are calculated please refer to the Trust's Information Memorandum.

The management fees borne by the Trust are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers.

h. Related party unit holdings

Parties related to the Trust (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Trust, as follows:

	Number of units held opening	Number of units held closing	Fair value of investment $	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Trust $
Unit holder							
As at 30 June 2021							
Investment Gateway	**3,878,903**	**8,923,470**	**13,770,699**	**93.16**	**5,168,330**	**123,763**	**1,299,801**
As at 30 June 2020							
Investment Gateway	-	3,878,903	4,116,680	64.06	3,878,903	-	-

i. Investments

The Trust did not hold any investments in Equity Trustees Limited or its related parties during the year (2020: nil).

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No significant events have occurred since the end of the year which would impact on the financial position of the Trust as disclosed in the statement of financial position as at 30 June 2021 or on the results and cash flows of the Trust for the year ended on that date.

15. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2021 and 30 June 2020.

DIRECTORS' DECLARATION

In the opinion of the directors of the Responsible Entity:

a. The financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001,* including:

   i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Trust's financial position as at 30 June 2021 and of its performance for the financial year ended on that date.

b. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

c. Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.

Philip D Gentry
Chairman

Melbourne
25 January 2022

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Independent Auditor's Report to the Unit Holders of DMP Australian Small Companies Trust

Opinion

We have audited the financial report of DMP Australian Small Companies Trust (the "Trust") which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

(i) giving a true and fair view of the Trust's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) 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 Trust 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 Responsible Entity of the Trust (the "Directors"), would be in the same terms if given to 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives 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 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 ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or has 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 judgement 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 Trust'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 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 Trust's 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 report 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 Trust to cease to continue as a going concern.
- 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.

Deloitte.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chester Hii
Partner
Chartered Accountants
Melbourne, 25 January 2022