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# THREADNEEDLE GLOBAL EQUITY INCOME FUND (UNHEDGED) ARSN 161 086 497

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

# Threadneedle Global Equity Income Fund (Unhedged)

ARSN 161 086 497

## Annual financial report For the year ended 30 June 2018

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## Directors' report

The directors of Ironbark Asset Management (Fund Services) Limited (the "Responsible Entity"), the Responsible Entity of Threadneedle Global Equity Income Fund (Unhedged) (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2018 and the auditor's report thereon.

### Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Fund is Level 13, 1 Margaret Street, Sydney, NSW 2000.

### Directors

The following persons held office as directors of the Responsible Entity of the Fund for the period from 1 July 2017 to the date of this report:

B Carpenter  
A Donald  
C Larsen

### Principal activities

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

The Fund's investment objective was to aim to deliver regular income distributions with capital growth through its investment in worldwide companies that produce strong and consistent returns.

On 8 May 2018, the Responsible Entity determined that the Fund was not of sufficient scale to continue operations and therefore, formally resolved to wind up the Fund in accordance with clause 17.3 of the Fund's Constitution.

As part of the wind up process, the Fund returned a large portion of unitholders investment effective 23 May 2018. The proceeds were paid via a distribution of 18.4582 cents per unit and partial redemption of \$1.3268 per unit. The total amount paid out to the unitholders effective 23 May 2018 was \$35,701,977 and represented approximately 97.75% of the total net asset value at this date.

The effective date of wind up was 29 June 2018 with final proceeds being paid out to unitholders on 26 July 2018 which was represented by a distribution of 89.3588 cents per unit and a final redemption of \$0.4324 per unit.

The Fund did not have any employees during the year.

### Review and results of operations

During the year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

## Directors' report (continued)

### Results

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

	Year ended	
	30 June 2018	30 June 2017
Operating profit/(loss) (\$'000)	2,722	4,589
<b>Distribution</b>		
Distribution paid and payable (\$'000)	4,927	4,275
Distribution (cents per unit)	20.3076	15.4683
<b>Unit price as at 30 June</b>		
Application price (\$)	1.3293	1.4232
Redemption price (\$)	1.3227	1.4162

### Significant changes in the state of affairs

On 8 May 2018 the Responsible Entity formally resolved to wind up the Fund in accordance with clause 17.3 of the Fund's Constitution. The effective date of the wind up was 29 June 2018.

As part of the wind up process, the Fund returned a large portion of unitholders investment effective 23 May 2018. The proceeds were paid via a distribution of 18.4582 cents per unit and partial redemption of \$1.3268 per unit. The total amount paid out to the unitholders effective 23 May 2018 was \$35,701,977 and represented approximately 97.75% of the total net asset value at this date.

The Fund terminated on 29 June 2018 when all unitholders entitlements were redeemed by way of 89.3588 cents per unit distribution and a final redemption of \$0.4324 per unit.

Any residual monies received by the Fund post payment of the final redemption will be remitted to Responsible Entity who will use these monies to settle any outstanding costs of the Fund associated with the wind up that were not directly covered by the Fund prior to commencement of its wind up on 29 June 2018. Any shortfall between the residual monies and the final costs will be borne by the Responsible Entity.

### Matters subsequent to the end of the financial year

The Responsible Entity has finalised proceedings to wind up the Fund following the payment of final proceeds to unitholders on 26 July 2018.

The Fund's financial report for the year ending 30 June 2018 will be the final financial report in respect of the Fund.

Other than the above, no other matter or circumstance has arisen since 30 June 2018.

### Likely developments and expected results of operations

As stated in the Significant changes in the state of affairs above, the Fund terminated on 29 June 2018.

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

## Directors' report (continued)

### Indemnification and insurance of officers and auditor

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditor of the Fund is in no way indemnified out of the assets of the Fund.

### Fees paid to and interests held in the Fund by Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Fund property during the year are disclosed in note 14 of 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 14 of the financial statements.

### Interests in the Fund

The movements in units on issue in the Fund during the year are disclosed in note 7 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 2 of the financial statements.

### Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

### Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, 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 and forms part of the Directors' report for the year ended 30 June 2018.

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



Director

Sydney  
25 September 2018



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Ironbark Asset Management (Fund Services) Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Threadneedle Global Equity Income Fund (Unhedged) for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


David Kells  
Partner  
Sydney  
25 September 2018

## Statement of comprehensive income

		Year ended	
		30 June 2018	30 June 2017
Notes		\$'000	\$'000
<b>Investment income</b>			
		1,171	2,111
		3	1
		2,286	3,393
	6	(278)	(64)
		<u>2</u>	<u>5</u>
		<u>3,184</u>	<u>5,446</u>
<b>Expenses</b>			
	14	316	457
	14	34	50
		50	64
		31	286
		<u>31</u>	<u>-</u>
		<u>462</u>	<u>857</u>
		<u>2,722</u>	<u>4,589</u>
<b>Finance costs attributable to unitholders</b>			
	8	<u>(4,927)</u>	<u>(4,275)</u>
		<u>2,205</u>	<u>(314)</u>

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

## Statement of financial position

		As at	
	Notes	30 June 2018 \$'000	30 June 2017 \$'000
<b>Assets</b>			
Cash and cash equivalents	9	514	619
Receivables	12	156	217
Financial assets held at fair value through profit or loss	11	-	41,273
<b>Total assets</b>		<u>670</u>	<u>42,109</u>
<b>Liabilities</b>			
Payables	13	29	534
Distributions payable	8	-	3,572
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>29</u>	<u>4,106</u>
<b>Net assets attributable to unitholders - liability</b>	7	<u>641</u>	<u>38,003</u>

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



### Statement of changes in equity

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

## Statement of cash flows

	Notes	Year ended	
		30 June 2018 \$'000	30 June 2017 \$'000
<b>Cash flows from operating activities</b>			
Distributions and dividends received		1,176	1,850
Interest received		3	1
Other operating income received		3	5
Management fees paid		(350)	(463)
Administration fees paid		(37)	(51)
Other operating expenses paid		(47)	(64)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<u>748</u>	<u>1,278</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		56,729	34,827
Purchase of financial instruments held at fair value through profit or loss		(13,448)	(22,120)
<b>Net cash inflow/(outflow) from investing activities</b>		<u>43,281</u>	<u>12,707</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		4,503	7,592
Payments for redemptions by unitholders		(40,566)	(20,132)
Distributions paid		(8,071)	(2,598)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(44,134)</u>	<u>(15,138)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(105)</b>	<b>(1,153)</b>
Cash and cash equivalents at the beginning of the year		619	1,766
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	6
<b>Cash and cash equivalents at the end of the year</b>	9	<u>514</u>	<u>619</u>
<b>Non-cash operating and financing activities</b>	10(b)	<b>428</b>	240

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

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## 1 General information

These financial statements cover Threadneedle Global Equity Income Fund (Unhedged) (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme and was constituted on 15 November 2012. The Fund will terminate on 14 November 2092 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Ironbark Asset Management (Fund Services) Limited (ABN 63 116 232 154) (AFSL 298626) (the "Responsible Entity"). The Responsible Entity's registered office is Level 13, 1 Margaret Street, Sydney, NSW 2000.

The Fund's investment objective was to aim to deliver regular income distributions with capital growth through its investment in worldwide companies that produce strong and consistent returns.

On 8 May 2018, the Responsible Entity determined that the Fund was not of sufficient scale to continue operations and therefore, formally resolved to wind up the Fund in accordance with clause 17.3 of the Fund's Constitution.

The effective date of wind up was 29 June 2018 with final proceeds being paid out to unitholders on 26 July 2018.

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 Fund is a for-profit entity for the purpose of preparing the financial statements.

On 8 May 2018, the Responsible Entity formally resolved to wind up the Fund in accordance with clause 17.3 of the Fund's Constitution. Accordingly, the financial statements for the year ended 30 June 2018 have not been prepared on a going concern basis. In preparing the financial statements on an alternative basis, the directors have outlined to apply the requirements of the Australian Accounting Standards taking into account that the Fund commenced wind up on 29 June 2018 and paid a final redemption effective the same date. Subsequently, the Responsible Entity will deregister the Fund. The assets and liabilities have been recognised in accordance with the accounting policies set out below and the directors are satisfied that the change in the basis of the preparation has no impact on the classification and measurement of the assets and liabilities of the Fund.

#### (i) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

#### (ii) Compliance with International Financial Reporting Standards (IFRS)

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

#### (iii) New and amended standards adopted by the Fund

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Fund.

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (iv) *New standards and interpretations not yet adopted*

A number of new accounting standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2017 and have not been adopted in preparing these financial statements. As the Fund has been wound up effective 29 June 2018 and this financial report for the year ended will be the final financial report in respect of the Fund, these new standards, amendments and interpretations will have no impact on the Fund.

### (b) Financial instruments

#### (i) *Classification*

The Fund's investments are classified as held at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purpose and which may be sold. These are investments in securities listed on global stock exchanges.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the 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.

#### (ii) *Recognition/derecognition*

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

Financial assets are derecognised when the contractual right to receive cash flows from the investments have expired or the Fund has transferred the financial asset and the transfer qualifies for derecognition in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### (iii) *Measurement*

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

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

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

##### *Other financial assets and liabilities*

Financial assets and financial liabilities not at fair value through profit or loss, include transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets classified as receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (iii) Measurement (continued)

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively fair value at the reporting date.

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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.

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 unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units from the Fund.

### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (e) Investment income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis.

Dividend income is recognised in the statement of comprehensive income on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Other operating income is recognised on an accruals basis.

### (f) Expenses

All expenses, including management fees, are recognised in the statement of comprehensive income on an accruals basis.

### (g) Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the taxable income of the Fund (including assessable capital gains).

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.

## 2 Summary of significant accounting policies (continued)

### (g) Income tax (continued)

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

### (h) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributed to unitholders. When the Fund's units are classified as liabilities, movements in net assets attributable to unitholders are recognised in profit or loss as finance costs.

### (i) 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 competes 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 end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains/(losses) on financial instruments at fair value through profit or loss in the statement of comprehensive income.

### (j) 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. Trades are recorded on trade date, and normally settled within two business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

### (k) Receivables

Receivables may include amounts for dividends, trust distributions, interest, investment sold and applications received for units in the Fund where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e) above.

Amounts are generally received within 30 days of being recorded as receivables.

### (l) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting date.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

## 2 Summary of significant accounting policies (continued)

### (m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management fees and other expenses have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC), hence management fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts 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 flow on a gross basis.

### (n) Use of estimates

The Fund may 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.

## 3 Financial risk management

### Overview

The Fund's assets primarily consisted of financial instruments which comprised securities listed on global stock exchanges. It held these investments at the discretion of the Investment Manager, Columbia Threadneedle Investments, in accordance with the provisions of the Fund's Constitution.

Following the Responsible Entity's resolution to wind up the Fund, all of the assets held by the Fund were realised and final proceeds were paid out to the unitholders effective 29 June 2018.

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the risks below, the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Responsible Entity had overall responsibility for the establishment and oversight of the Fund's risk management framework.

Reports from the Fund's Investment Manager included details of the controls it had in place to monitor compliance with the Fund's investment strategy, training and personnel management standards and procedures, and details of how the Investment Manager developed and maintained a disciplined and constructive control environment in which its employees understood their roles and obligations.

The Fund's investing activities exposed it to the following risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. Market risk embodies the potential for both losses and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Fund's strategy on the management of the investment risk was driven by the Fund's investment objective and all transactions were carried out within the investment guidelines set by the Responsible Entity. Information relating to the investment objective and guidelines could be obtained from the Product Disclosure Statement.

#### (i) Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from foreign exchange risk and interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.



### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price risk (continued)

As the Fund's financial instruments were carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions would directly affect income.

The Fund's overall market positions were monitored on a regular basis by the Responsible Entity. This information and the compliance with the Scheme's Product Disclosure Statement were reported to the Investment Committee, other key management personnel, the Compliance Committee and ultimately the Board where deemed appropriate.

A sensitivity analysis of price risk is provided in note 3(a)(iv).

##### (ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund was exposed to foreign exchange risk on financial instruments, cash held, receivables and liabilities that were denominated in a currency other than the functional currency (Australian dollars) of the Fund. These transactions were denominated in numerous currencies.

The Fund's strategy on the management of foreign exchange risk was driven by the Fund's investment objective. The Fund's foreign exchange risk was managed and monitored on a daily basis by the Investment Manager in accordance with the investment guidelines as outlined in the Fund's Product Disclosure Statement. Foreign exchange risk was managed by ensuring investments were within the limits set for individual currencies thus minimizing currency concentration risk.

Predicting currencies is difficult but an attempt to minimize foreign exchange risk is made by taking currency forecasts into consideration when making investment decisions.

The Fund could invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund was exposed to risks that the exchange rate of its currency relative to other foreign currencies could have changed in a manner that had an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Australian dollar.

As part of the wind up process all foreign assets were sold and proceeds were converted to Australian Dollars. Therefore the Fund had no exposure to foreign exchange risk as at 30 June 2018.

The table below summarizes the Fund's assets and liabilities that are denominated in these currencies.

	<b>Net currency exposure</b>	
	<b>30 June 2018</b>	30 June 2017
	<b>A\$'000</b>	A\$'000
US Dollars	-	17,521
British Pound	-	6,521
Euro	-	4,660
Swiss Franc	-	2,102
Canadian Dollar	-	1,717
New Taiwan Dollar	-	1,666
Japanese Yen	-	1,515
Other	-	3,601
Total	<u>-</u>	<u>39,303</u>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

A sensitivity analysis of foreign exchange risk is provided in note 3(a)(iv).

##### (iii) Interest rate risk

The majority of the Fund's financial assets were non-interest bearing and as such the Fund was not exposed to significant levels of interest rate risk. However, the Fund held cash for liquidity and transactional purposes. The cash was held at floating interest rates.

##### (iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risk. 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 correlation of the Fund'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 the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Foreign exchange risk	
	Impact on operating profit/(loss)/Net assets attributable to unitholders		Impact on operating profit/(loss)/Net assets attributable to unitholders	
	-12%	+12%	-10%	+10%
	\$'000	\$'000	\$'000	\$'000
<b>30 June 2018</b>	-	-	-	-
30 June 2017	(3,302)	3,302	(3,930)	3,930

The sensitivity factors for 30 June 2017 were +/-12% for price risk and +/-10% for foreign exchange risk.

In determining the impact of an increase/decrease in operating profit/(loss) and net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonable possible shift in assumptions.

#### (b) Credit risk

Credit risk is 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 credit risk was minimised by the Investment Manager by monitoring counterparty creditworthiness and only dealing with listed exchanges and internally approved counterparties each with set limits. Internally approved counterparties and the associated credit limits were regularly reviewed and monitored by the Investment Manager.

At 30 June 2018, the Fund was exposed to credit risk on its cash and cash equivalents and receivables. The total carrying amount of financial assets exposed to credit risk amounted to \$670,000 (2017: \$836,000).

##### (i) Settlement of securities transactions

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. The Fund minimised concentration of credit risk by undertaking transactions with numerous brokers. The risk relating to unsettled transactions was considered small due to the short settlement period involved and the high quality of the brokers used. The Fund monitored the credit rating and financial positions of the brokers used to further mitigate credit risk.

### 3 Financial risk management (continued)

#### (b) Credit risk (continued)

##### (i) Settlement of securities transactions (continued)

All transactions in listed securities were settled/paid for upon delivery using approved brokers. The risk of default was considered low, as delivery of securities sold was only made once the broker had received payment. Payment was made on purchases of securities only when the securities had been received by the broker. The trade would fail if either party fails to meet its obligations.

##### (ii) Cash and cash equivalents

The Fund's cash and cash equivalents were held with State Street Bank and Trust Company, which is rated Aa1 (2017: Aa1) based on rating agency Moody's rating. The Responsible Entity monitored the financial position of State Street Bank and Trust Company on a regular basis.

The Fund was not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

#### (c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's Constitution provided for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholders' redemptions.

The Fund was generally able to sell its investment holdings and receive proceeds within approximately five business days. Redemptions were usually processed and paid within seven business days after a redemption day. Under the terms of its Constitution, the Fund had the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds were available to pay them.

The Fund's liquidity risk was managed on an on-going basis by the Responsible Entity by monitoring current cash balances and projecting future cash flow requirements. When the Responsible Entity considered that additional cash reserves may be required, the Responsible Entity would redeem a portion of its investment holdings.

##### (i) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

As at 30 June 2018	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	At call \$'000	Total \$'000
Payables	29	-	-	-	29
Net assets attributable to unitholders	-	-	-	641	641
Contractual cash flows	29	-	-	641	670

### 3 Financial risk management (continued)

#### (c) Liquidity risk (continued)

##### (i) Maturities of net settled derivative financial instruments (continued)

As at 30 June 2017	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	At call \$'000	Total \$'000
Distributions payable	3,572	-	-	-	3,572
Payables	534	-	-	-	534
Net assets attributable to unitholders	-	-	-	38,003	38,003
Contractual cash flows	4,106	-	-	38,003	42,109

### 4 Fair value measurement

The Fund measures and recognises the financial assets and liabilities at fair value on a recurring basis.

- Financial assets designated at fair value through profit or loss (FVTPL) (see note 11)

The Fund 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 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)

##### (i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 of the financial statements.

Financial assets and liabilities are priced at redemption prices.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

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.

##### (ii) 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.

#### 4 Fair value measurement (continued)

(iii) *Recognised fair value measurements*

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 30 June 2018 and 30 June 2017.

The Fund did not held any investments as at 30 June 2018 (2017: listed equity securities and listed unit trusts).

As at 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Equity securities	39,007	-	-	39,007
Unit trusts	<u>2,266</u>	<u>-</u>	<u>-</u>	<u>2,266</u>
<b>Total</b>	<u>41,273</u>	<u>-</u>	<u>-</u>	<u>41,273</u>

(iv) *Transfers between levels*

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

There were no transfers between levels in the fair value hierarchy for the years ended 30 June 2018 and 30 June 2017.

(v) *Fair value measurements using significant unobservable inputs (level 3)*

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2018 and year ended 30 June 2017.

(vi) *Financial instruments not carried at fair value*

The Fund did not hold any financial instruments which were not measured at fair value in the statement of financial position during the year ended 30 June 2018 or year ended 30 June 2017. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate their fair value.

#### 5 Auditor's remuneration

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
<b>Audit and review services</b>		
Audit and audit related services - KPMG		
Financial statements audit	9,690	9,500
Compliance plan audit	<u>3,400</u>	<u>3,600</u>
Total remuneration for audit and audit related services	<u>13,090</u>	<u>13,100</u>

## 5 Auditor's remuneration (continued)

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
<b>Taxation services</b>		
Tax compliance services - KPMG	<u>5,385</u>	5,300
Total remuneration for taxation services	<u>5,385</u>	5,300
<b>Total remuneration</b>	<u>18,475</u>	18,400

The Auditor's remuneration is borne by the Responsible Entity.

## 6 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Year ended	
	30 June 2018	30 June 2017
	\$'000	\$'000
Net unrealised gains/(losses) on financial instruments designated at fair value through profit or loss	<u>(2,996)</u>	(493)
	<u>(2,996)</u>	(493)
Net realised gains/(losses) on financial instruments held for trading	211	11
Net realised gains/(losses) on financial instruments designated at fair value through profit or loss	<u>5,071</u>	3,875
	<u>5,282</u>	3,886
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<u>2,286</u>	3,393

## 7 Net assets attributable to unitholders

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

	Year ended			
	30 June 2018 Units '000	30 June 2017 Units '000	30 June 2018 \$'000	30 June 2017 \$'000
Opening balance	26,769	35,165	38,003	50,268
Applications	3,137	5,171	4,503	7,592
Redemptions	(29,723)	(13,733)	(40,088)	(20,411)
Units issued upon reinvestment of distributions	300	166	428	240
Increase/(decrease) in net assets attributable to unitholders	-	-	(2,205)	314
<b>Closing balance</b>	<b>483</b>	<b>26,769</b>	<b>641</b>	<b>38,003</b>

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

### Capital risk management

The Fund considers its net assets attributable to unitholders as capital until 30 June 2017. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund'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 unitholders.

## 8 Distributions to unitholders

	Year ended			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
Distributions paid	4,927	20.3076	703	2.1222
Distributions payable	-	-	3,572	13.3461
<b>Total distributions</b>	<b>4,927</b>	<b>20.3076</b>	<b>4,275</b>	<b>15.4683</b>

## 9 Cash and cash equivalents

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Cash at bank	514	619
<b>Total cash and cash equivalents</b>	<b>514</b>	<b>619</b>

## 10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Increase/(decrease) in net assets attributable to unitholders	(2,205)	314
Distributions to unitholders	4,927	4,275
Net changes in financial instruments held at fair value through profit or loss	(2,286)	(3,393)
Net foreign exchange (gains)/losses	278	64
Net change in receivables	61	45
Net change in payables	(27)	(27)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>748</b>	<b>1,278</b>
<b>(b) Non-cash operating and financing activities</b>		
The following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	428	240
<b>Total non-cash operating and financing activities</b>	<b>428</b>	<b>240</b>

As described in note 2, income not distributed is included in net assets attributable to unitholders. The change in this amount (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.



## 11 Financial assets held at fair value through profit or loss

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Designated at fair value through profit or loss</b>		
Equity securities	-	39,007
Unit trusts	-	2,266
Total designated at fair value through profit or loss	-	41,273
<b>Total financial assets held at fair value through profit or loss</b>	-	41,273

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in note 3.

## 12 Receivables

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Distributions and dividends receivable	147	202
Other receivables	9	15
<b>Total receivables</b>	156	217

## 13 Payables

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Redemptions payable	-	478
Management fees payable	-	34
Administration fees payable	-	3
Withholding tax payable	-	19
Other payables	29	-
<b>Total payables</b>	29	534

## 14 Related party transactions

### Responsible Entity

The Responsible Entity of Threadneedle Global Equity Income Fund (Unhedged) is Ironbark Asset Management (Fund Services) Limited (ABN 63 116 232 154) (AFSL 298626). Accordingly, transactions with entities related to Ironbark Asset Management (Fund Services) Limited are disclosed below.

#### (a) Key management personnel

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the key management personnel.

Key management personnel of the Responsible Entity include persons who held office as directors of the Responsible Entity at any time during the year and up to the date of this report:

B Carpenter  
A Donald  
C Larsen

#### (b) Key management personnel unitholdings

Key management personnel of the Responsible Entity did not hold units in the Fund as at 30 June 2018 (2017: Nil).

#### (c) Key management personnel compensation

Key management personnel were paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity did not include any amounts directly attributable to the compensation of key management personnel.

#### (d) Key management personnel loan disclosures

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

#### (e) Other transactions within the Fund

Apart from those details disclosed in this note, the Responsible Entity has not entered into any other material contract with the Fund since the end of the previous financial year and there were no material contracts involving director's interests at year end.

##### *Management fees*

Management fees are calculated in accordance with the Fund's Constitution. For the year ended 30 June 2018, the management fee was 0.950% (2017: 0.950%) per annum of the net asset value of the Fund, inclusive of the net effect of GST.

##### *Administration fees*

Administration fees are calculated in accordance with the Fund's Constitution, which allows the Responsible Entity to recover from the Fund certain fees and costs associated with the day-to-day operation of the Fund as specified in the Constitution. For the year ended 30 June 2018, the administration fee was 0.103% (2017: 0.103%) per annum of the net asset value of the Fund.

## 14 Related party transactions (continued)

### (e) Other transactions within the Fund (continued)

#### *Balances with related parties*

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 were as follows:

	<b>30 June 2018</b>	30 June 2017
	\$	\$
Management fees for the year	<b>315,858</b>	457,242
Administration fees for the year	<b>34,075</b>	49,527
Aggregate amounts payable to the Responsible Entity at the reporting date	-	37,468

### (f) Related party unitholdings

Parties related to the Fund including the Responsible Entity, its related parties and other funds managed by the Responsible Entity, did not hold any units in the Fund as at 30 June 2018 (2017: Nil).

### (g) Investments

The Fund did not hold any investments in the Responsible Entity or its related parties during the year (2017: Nil).

## 15 Events occurring after the reporting period

The Responsible Entity has finalised proceedings to wind up the Fund following the payment of final proceeds to unitholders on 26 July 2018.

The Fund's financial report for the year ending 30 June 2018 will be the final financial report in respect of the Fund.

Other than above, no other significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2018 or on the results and cash flows of the Fund for the year ended on that date.

## 16 Contingent assets and liabilities and commitments

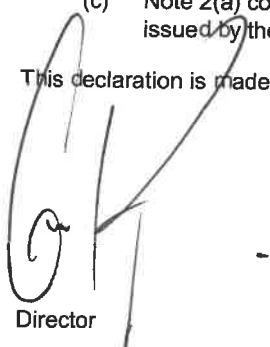
There were no outstanding contingent assets and liabilities or commitments as at 30 June 2018 and 30 June 2017.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 26 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 Fund's financial position as at 30 June 2018 and of its performance for the financial year ended on that date,
- (b) there are reasonable grounds to believe that the Fund 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors for and on behalf of the Responsible Entity.



Director

Sydney  
25 September 2018



# Independent Auditor's Report

To the unitholders of Threadneedle Global Equity Income Fund (Unhedged)

## Opinion

We have audited the **Financial Report** of Threadneedle Global Equity Income Fund (Unhedged) (the Fund).

In our opinion, the accompanying Financial Report of the Fund is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the Fund's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statement of financial position as at 30 June 2018
- Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Fund in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

## Emphasis of matter – Basis of preparation

We draw attention to Note 2(a) in the Financial Report, which describes the basis of preparation. The Financial Report has been prepared on a non-going concern basis following the Fund being formally terminated on 30 June 2018. The Fund is no longer considered a going concern. Our opinion is not modified in respect of this matter.

## Other Information

Other Information is financial and non-financial information in the Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Ironbark Asset Management (Fund Services) Ltd (the Responsible Entity) are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report.



Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern assumption is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf) This description forms part of our Auditor's Report.

KPMG

David Kells  
Partner  
Sydney  
25 September 2018