

Profile Portfolio Solutions

Profile Accumulation Portfolio
Profile Preservation Portfolio

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Annual report
For the year ended June 30, 2022

Profile Portfolio Solutions

Annual report For the year ended June 30, 2022

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These financial statements cover the following Funds as an individual entity
Profile Accumulation Portfolio
Profile Preservation Portfolio

The Responsible Entity of the Funds is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (ASFL 235150).
The Responsible Entity's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000.

Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity (the "Responsible Entity") of Profile Accumulation Portfolio and Profile Preservation Portfolio collectively known as Profile Portfolio Solutions (the "Funds"). The directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Funds for the year ended June 30, 2022.

Principal activities

The Funds are registered managed investment schemes domiciled in Australia.

The Funds invest in listed and Australian unlisted unit trusts and International unlisted unit trusts in accordance with the Product Disclosure Statements and the provisions of the Constitutions.

Profile Accumulation Portfolio: To provide returns of 5% p.a. above the rate of inflation as measured by the consumer price index (CPI) over rolling 6 year periods after fees and expenses, focusing on return seeking investments, with medium to high risk.

Profile Preservation Portfolio: To provide returns of 3.5% p.a. above the rate of inflation as measured by the consumer price index (CPI) over rolling 3 year periods after fees and expenses, balancing capital preservation and return.

The Funds were constituted on February 9, 2011 and commenced operations on April 5, 2011.

The Funds did not have any employees during the year.

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

Directors

The Directors of The Trust Company (RE Services) Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire period, except where stated otherwise:

Name

Glenn Foster	
Simone Mosse	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	Resigned as Director on 1 February 2022

Review and results of operations

During the year, the Funds invested in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

Results

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

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	Year ended		Year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Operating profit/(loss) (\$'000)	(11,903)	28,234	(3,690)	8,122
Distributions paid and payable (\$'000)				
December 31	-	5,428	-	2,798
June 30	8,398	2,935	2,386	1,003
Total distributions	8,398	8,363	2,386	3,801
Distributions (cents per unit)				
December 31	-	4.31	-	4.42
June 30	6.50	2.26	3.95	1.55

Directors' report (continued)

Significant changes in the state of affairs

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Funds. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Funds are uncertain. The Directors and management will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

On 1 February 2022, Richard McCarthy resigned as a Director.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Funds that occurred during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since June 30, 2022 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of the affairs of the Funds in future financial years.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed, and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Funds. So long as the officers of the Responsible Entity act in accordance with the Funds' Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

The auditors of the Funds are in no way indemnified out of the assets of the Funds.

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

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in Note 17 to the financial statements.

No fees were paid out of Funds' property to the Directors of the Responsible Entity during the year.

The number of units in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 17 to the financial statements.

Directors' report (continued)

Units in the Funds

The movements in units on issue in the Funds during the year are disclosed in Note 10 to the financial statements.

The values of the Funds' assets and liabilities are disclosed on the Statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

The Funds are entities of the 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.

Financial statements presentation

The Funds are entities of the kind referred to in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial reports in adjacent columns in a single set of financial accounts.

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 The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
27th October 2022

Auditor's independence declaration to the directors of The Trust Company (RE Services) Limited as Responsible Entity for Profile Accumulation Portfolio and Profile Preservation Portfolio

As lead auditor for the audit of the financial report of Profile Accumulation Portfolio and Profile Preservation Portfolio for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Ernst & Young



Rohit Khanna
Partner
27 October 2022

Statements of comprehensive income

		Profile Accumulation Portfolio		Profile Preservation Portfolio	
		Year ended		Year ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
Note		\$'000	\$'000	\$'000	\$'000
Investment income					
	Distribution income	10,451	5,746	2,190	1,910
	Interest income from financial assets at amortised cost	-	15	-	2
	Net gains/(losses) on financial instruments at fair value through profit or loss	(20,681)	25,747	(5,212)	7,123
6	Net foreign currency gains/(losses)	(11)	12	(1)	1
	Other investment income	281	134	139	42
	Total investment income/(loss)	(9,960)	31,654	(2,884)	9,078
Expenses					
17	Management fees	1,321	1,214	572	567
17	Performance fees	575	2,177	219	385
	Other operating expenses	47	29	15	4
	Total operating expenses	1,943	3,420	806	956
	Operating profit/(loss)	(11,903)	28,234	(3,690)	8,122
	Other comprehensive income	-	-	-	-
	Total comprehensive income	(11,903)	28,234	(3,690)	8,122

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

Statements of financial position

		Profile Accumulation Portfolio		Profile Preservation Portfolio	
		As at		As at	
	Note	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
Assets					
Cash and cash equivalents	12	962	5,083	473	1,891
Receivables	14	437	278	154	88
Due from brokers - receivables for securities sold		1,013	1,945	481	-
Distributions receivable		6,579	4,584	1,436	1,319
Financial assets at fair value through profit or loss	7	133,630	146,827	59,452	67,908
Total assets		142,621	158,717	61,996	71,206
Liabilities					
Payables	15	113	482	195	179
Distributions payable		8,398	2,935	2,386	1,003
Financial liabilities at fair value through profit or loss	8	1,734	1,843	741	732
Total liabilities		10,245	5,260	3,322	1,914
Net assets attributable to unitholders - equity	10	132,376	153,457	58,674	69,292

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

Statements of changes in equity

		Profile Accumulation Portfolio		Profile Preservation Portfolio	
		Year ended		Year ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
Note		\$'000	\$'000	\$'000	\$'000
	Total equity at the beginning of the year	153,457	118,787	69,292	62,623
	Comprehensive income for the year				
	Profit/(loss) for the year	(11,903)	28,234	(3,690)	8,122
	Other comprehensive income	-	-	-	-
	Total comprehensive income for the year	(11,903)	28,234	(3,690)	8,122
	Transactions with unitholders				
	Applications	10 7,656	8,328	1,932	2,113
	Redemptions	10 (9,388)	(7,832)	(6,797)	(3,736)
	Units issued upon reinvestment of distributions	10 952	14,303	323	3,971
	Distributions paid and payable	10 (8,398)	(8,363)	(2,386)	(3,801)
	Total transactions with unitholders	(9,178)	6,436	(6,928)	(1,453)
	Total equity at the end of the year	132,376	153,457	58,674	69,292

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

Statements of cash flows

		Profile Accumulation		Profile Preservation Portfolio	
		Year ended		Year ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
Note		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
	Proceeds from sale of financial instruments at fair value through profit or loss	16,866	38,528	11,405	14,059
	Payments for purchase of financial instruments at fair value through profit or loss	(17,638)	(37,096)	(6,724)	(12,457)
	Interest income received from financial asset at amortised cost	-	15	-	2
	Dividend/distribution received	2,848	868	303	261
	Other income received	-	5	-	-
	Management fees paid	(1,334)	(1,194)	(582)	(565)
	Performance fees paid	(906)	(1,846)	(339)	(265)
	Other operating expenses paid	(206)	(249)	(81)	(64)
	Net cash inflow/(outflow) from operating activities	(370)	(969)	3,982	971
13(a)					
Cash flows from financing activities					
	Proceeds from applications by unitholders	7,656	8,328	1,932	2,113
	Payments for redemptions by unitholders	(9,413)	(8,053)	(6,651)	(4,167)
	Distributions paid	(1,983)	(797)	(680)	(1,212)
	Net cash inflow/(outflow) from financing activities	(3,740)	(522)	(5,399)	(3,266)
	Net increase/(decrease) in cash and cash equivalents	(4,110)	(1,491)	(1,417)	(2,295)
	Cash and cash equivalents at the beginning of the year	5,083	6,562	1,891	4,185
	Effect of foreign currency exchange rate changes on cash and cash equivalents	(11)	12	(1)	1
	Cash and cash equivalents at the end of the year	962	5,083	473	1,891
12					
	Non-cash financing activities	952	14,303	323	3,971
13(b)					

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

Notes to the financial statements

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1 General Information

These financial statements cover Profile Accumulation Portfolio and Profile Preservation Portfolio collectively known as Profile Portfolio Solutions (the "Funds") as individual entities. The Funds were constituted on February 9, 2011 and will terminate in accordance with the provisions of the Funds' Constitutions or by Law.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity of the Funds (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The investment manager of the Funds is Profile Financial Services Pty Ltd (the "Investment Manager").

The Funds invest predominantly in listed and Australian unlisted unit trusts and International unlisted unit trusts in accordance with the the Product Disclosure Statements and the provisions of the Funds' Constitutions.

Profile Accumulation Portfolio: To provide returns of 5% p.a. above the rate of inflation as measured by the consumer price index (CPI) over rolling 6 year periods after fees and expenses, focusing on return seeking investments, with medium to high risk.

Profile Preservation Portfolio: To provide returns of 3.5% p.a. above the rate of inflation as measured by the consumer price index (CPI) over rolling 3 year periods after fees and expenses, balancing capital preservation and return.

Furthermore, the methodology underpinning the calculation of the performance fee payable was amended 1 June 2019 to ensure that the performance fee is only triggered when both the Objective Hurdle and High-Water Mark (HWM) specific to each Portfolio are met. If the Objective Hurdle and HWM have not been met, any accrued performance fees will be written off and the HWM will be reset.

The financial statements of the Funds are for the year ended June 30, 2022. The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on 27th October 2022. 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 Funds are for-profit entities 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 Statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and financial liabilities at fair value through profit or loss.

The Funds manage 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 twelve months, however, an estimate of that amount cannot be determined as at year end.

In the case of net assets attributable to unitholders, the unitholders are redeemable on demand at the unitholder's option. However, unit-holders typically retain units for the medium to long-term. As such, the amount expected to be settled within twelve months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards

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

(ii) New and amended standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning July 1, 2021 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, amendments and interpretations effective after July 1, 2022 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after July 1, 2022, 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 Funds.

(b) Financial instruments

(i) *Classification*

• Financial assets:

The Funds classify their investments based on the business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolios of financial assets are managed and performance is evaluated on a fair basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, 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.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. The financial assets at amortised cost are subject to the expected credit loss ("ECL") impairment model under AASB 9.

• Financial liabilities:

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

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 (Responsible Entity's fees payable, management fees payable, administration and custody fees payable, due to brokers, distributions payable and other payables).

(ii) *Recognition and derecognition*

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

Investments are derecognised when the right to receive cash flows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

The Funds derecognise a financial liability when the obligation under the liability is discharged, cancelled, expired or when there is substantial modification.

(iii) *Measurement*

At initial recognition, the Funds measure financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statements of comprehensive income.

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 Statements of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Further details on how the fair value of financial instruments are determined are disclosed in Note 5.

(iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the Statements 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Offsetting financial instruments (continued)

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

(v) Impairment

At each reporting date, the Funds shall measure the loss allowance on financial assets at amortised cost (cash and receivables) at an amount equal to the lifetime ECL 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 Funds shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the counterparty, probability that the counterparty 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.

(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 can be put back to the Funds at any time for cash based on the redemption price.

The units are carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the units back to the Funds. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation* :

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Funds, and it is not a contract settled in the Funds' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or

The Funds' units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the year.

(d) Cash and cash equivalents

Cash comprises deposits held at custodian banks. Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Funds' main income generating activity.

(e) Investment income

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

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the Statements of comprehensive income within dividend and distribution income when the Funds' right to receive payments is established.

Dividend and distribution income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statements of comprehensive income.

2 Summary of significant accounting policies (continued)

(e) Investment income (continued)

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements. Other income is recognised on an accruals basis.

(f) Expenses

All expenses, including management fees, performance fees, transaction costs and other operating expenses, are recognised in the Statements of comprehensive income on an accrual basis.

(g) Income tax

Under current legislation, the Funds are not subject to income tax provided the Funds attribute the entirety of its taxable income to its unitholders.

(h) Distributions

Distributions are payable as set out in the Funds' offering documents. Such distributions are determined by the Responsible Entity of the Funds. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised gains.

Financial instruments 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 Funds are not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds 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.

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Funds' units are classified as equities, movements in net assets attributable to unitholders are recognised in the Statements of changes in equity.

(j) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' presentation currency.

(ii) *Transactions and balances*

Assets and liabilities in foreign currencies are translated into the functional currency at the prevailing exchange rate at the valuation date. Transactions denominated in foreign currencies are translated into the functional currency at the prevailing exchange rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of comprehensive income. The Funds' income earned and expense incurred on foreign denominated balances are translated into the functional currency at the prevailing exchange rate on the date of such activity.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statements of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(k) Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as Reduced Input Tax Credits ("RITC").

2 Summary of significant accounting policies (continued)

(k) Receivables (continued)

Receivables are recognised at amortised cost using the effective interest method, less any allowance for ECL. To measure the ECL, receivables have been grouped based on days overdue.

The amount of the impairment loss, if any, is recognised in the Statements of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable 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 Statements of comprehensive income.

(l) Payables

Payables include liabilities and accrued expenses owed by the Funds which are unpaid as at the end of the reporting year. Payables may include amounts for redemptions of units in the Funds where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the Statements of financial position.

(m) Applications and redemptions

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

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as management fees, performance fees and other expenses have been passed onto the Funds. The Funds qualify for RITC at a rate of at least 55%, hence management fees, performance fees and other expenses have been recognised in the Statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statements of financial position. Cash flows relating to GST are included in the Statements of cash flows on a gross basis.

(o) Use of estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and are 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 Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, including unquoted securities are fair valued using valuation techniques determined by the Investment Manager, in accordance with the valuation procedures approved by the Responsible Entity. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager, independent of the area that created them.

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. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other balances reported on Statements of financial position, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(p) Rounding of amounts

The Funds are entities of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (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 the *ASIC Corporations Instrument*, unless otherwise indicated.

(q) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

(a) Overview

The Funds' activities expose them to a variety of financial risks. The management of these risks is undertaken by the Funds' Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Funds' assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Funds; and
- Regular reporting on the liquidity of the Funds in accordance with the Funds' Liquidity Risk Management Statement.

The Funds' Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Funds. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

(b) Market risk

Market risk is the risk that changes in market risk factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Funds' income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Funds' market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolios.

The Investment Manager mitigates this price risk and related concentration risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Product Disclosure Statements. Between 40% - 80% for the Profile Accumulation Portfolio (2021: 40% - 80%) and 10% - 50% for the Profile Preservation Portfolio (2021: 10% - 50%) of the net assets attributable to unitholders are invested in Australian and Global shares.

The Funds are exposed, particularly through its equity portfolio, to concentration and market risks influencing investment valuations. These include Australian economic factors, changes in a company's internal operations or management, and also relate to changes in taxation policy, monetary policy, interest rates and statutory requirements.

As at year end, the overall market exposures were as follows:

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	Fair value	% of net assets attributable to unitholders	Fair value	% of net assets attributable to unitholders
	\$'000	%	\$'000	%
As at June 30, 2022				
Financial assets at fair value through profit or loss				
Forward currency contracts	169	0.13	130	0.22
Australian unlisted unit trusts	88,834	67.11	38,706	65.97
International unlisted unit trusts	44,627	33.71	20,616	35.14
Total financial assets at fair value through profit or loss	133,630	100.95	59,452	101.33
Financial liabilities at fair value through profit or loss				
Forward currency contracts	1,734	(1.31)	741	(1.26)
Total financial liabilities at fair value through profit or loss	1,734	(1.31)	741	(1.26)

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	Fair value \$'000	% of net assets attributable to unitholders %	Fair value \$'000	% of net assets attributable to unitholders %
As at June 30, 2021				
Financial assets at fair value through profit or loss				
Forward currency contracts	101	0.07	57	0.08
Australian unlisted unit trusts	105,956	69.05	47,723	68.87
International unlisted unit trusts	40,770	26.57	20,128	29.05
Total financial assets at fair value through profit or loss	146,827	95.69	67,908	98.00
Financial liabilities at fair value through profit or loss				
Forward currency contracts	1,843	(1.20)	732	(1.06)
Total financial liabilities at fair value through profit or loss	1,843	(1.20)	732	(1.06)

The table in Note 3(c) summarises the impact of an increase/decrease of underlying investment prices of the Funds' operating profit and net assets attributable to unitholders. The analysis is based on the assumption that the underlying investment prices changed by +/- 10% for Profile Accumulation Portfolio (2021: +/- 11%) and +/- 10% for Profile Preservation Portfolio (2021: +/- 6%) from the year end prices with all other variables held constant.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Funds' interest-bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The tables below summarise the Funds' exposures to interest rate risk.

	Floating interest rate \$'000	3 months or less \$'000	Fixed interest rate 4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Profile Accumulation Portfolio							
As at June 30, 2022							
Financial assets							
Cash and cash equivalents	962	-	-	-	-	-	962
Receivables	-	-	-	-	-	437	437
Due from brokers	-	-	-	-	-	1,013	1,013
Distributions receivable	-	-	-	-	-	6,579	6,579
Financial assets at fair value through profit or loss	-	-	-	-	-	133,630	133,630
Total financial assets	962	-	-	-	-	141,659	142,621
Financial liabilities							
Payables	-	-	-	-	-	113	113
Distributions payable	-	-	-	-	-	8,398	8,398
Financial liabilities at fair value through profit or loss	-	-	-	-	-	1,734	1,734
Total financial liabilities	-	-	-	-	-	10,245	10,245
Net exposure	962	-	-	-	-	131,414	132,376

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

	Floating interest rate \$'000	3 months or less \$'000	Fixed interest rate 4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Profile Accumulation Portfolio (continued)							
As at June 30, 2021							
Financial assets							
Cash and cash equivalents	5,083	-	-	-	-	-	5,083
Receivables	-	-	-	-	-	278	278
Due from brokers - receivables	-	-	-	-	-	1,945	1,945
Distributions receivable	-	-	-	-	-	4,584	4,584
Financial assets at fair value through profit or loss	-	-	-	-	-	146,827	146,827
Total financial assets	5,083	-	-	-	-	153,634	158,717
Financial liabilities							
Payables	-	-	-	-	-	482	482
Distributions payable	-	-	-	-	-	2,935	2,935
Financial liabilities at fair value through profit or loss	-	-	-	-	-	1,843	1,843
Total financial liabilities	-	-	-	-	-	5,260	5,260
Net exposure	5,083	-	-	-	-	148,374	153,457

Profile Preservation Portfolio

As at June 30, 2022

Financial assets							
Cash and cash equivalents	473	-	-	-	-	-	473
Receivables	-	-	-	-	-	154	154
Due from brokers	-	-	-	-	-	481	481
Distributions receivable	-	-	-	-	-	1,436	1,436
Financial assets at fair value through profit or loss	-	-	-	-	-	59,452	59,452
Total financial assets	473	-	-	-	-	61,523	61,996
Financial liabilities							
Payables	-	-	-	-	-	195	195
Distributions payable	-	-	-	-	-	2,386	2,386
Financial liabilities at fair value through profit or loss	-	-	-	-	-	741	741
Total financial liabilities	-	-	-	-	-	3,322	3,322
Net exposure	473	-	-	-	-	58,201	58,674

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

	Floating interest rate \$'000	3 months or less \$'000	Fixed interest rate 4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Profile Preservation Portfolio (continued)							
As at June 30, 2021							
Financial assets							
Cash and cash equivalents	1,891	-	-	-	-	-	1,891
Receivables	-	-	-	-	-	88	88
Distributions receivable	-	-	-	-	-	1,319	1,319
Financial assets at fair value through profit or loss	-	-	-	-	-	67,908	67,908
Total financial assets	1,891	-	-	-	-	69,315	71,206
Financial liabilities							
Payables	-	-	-	-	-	179	179
Distributions payable	-	-	-	-	-	1,003	1,003
Financial liabilities at fair value through profit or loss	-	-	-	-	-	732	732
Total financial liabilities	-	-	-	-	-	1,914	1,914
Net exposure	1,891	-	-	-	-	67,401	69,292

The table at Note 3(c) summarises the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in fair value of changes in future cash flows. The analysis is based on the assumption that the interest rates changed by +/- 1% for Profile Accumulation Portfolio (2021: +/- 0.2%) and +/- 1% Profile Preservation Portfolio (2021: +/- 0.3%) from the year end rates with all other variables held constant.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Funds have assets and liabilities denominated in currencies other than Australian dollars, the Funds' functional and presentation currency. The Funds are therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Investment Manager may enter into forward foreign currency exchange contracts from time to time to hedge against the fluctuation in exchange rates.

The table below summarises the Funds' net exposures to different major currencies, including the notional values of forward foreign currency exchange contracts:

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
United States Dollar	(58,679)	(62,987)	(23,194)	(26,598)
Euro Currency	(5,986)	(4,305)	(379)	(837)
British Pound	(3,496)	(4,387)	(734)	(1,302)
Japanese Yen	2,714	2,375	893	690
Canadian Dollar	(774)	(954)	(188)	(361)
Swiss Frank	2,219	1,624	591	425

3 Financial risk management (continued)

(b) Market risk (continued)

(iii) Currency risk (continued)

The table below summarises the impact on net assets attributable to unitholders as a result of increases/decreases of key exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	Profile Accumulation Portfolio				Profile Preservation Portfolio			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
	Change % +/-	Impact (\$'000) +/-	Change % +/-	Impact (\$'000) +/-	Change % +/-	Impact (\$'000) +/-	Change % +/-	Impact (\$'000) +/-
United States Dollar	10%	(5,868)	10%	(6,299)	10%	(2,319)	10%	(2,660)
Euro Currency	10%	(599)	10%	(431)	10%	(38)	10%	(84)
British Pound	10%	(350)	10%	(439)	10%	(73)	10%	(130)
Japanese Yen	10%	271	10%	238	10%	89	10%	69
Canadian Dollar	10%	(77)	10%	(95)	10%	(19)	10%	(36)
Swiss Frank	10%	222	10%	162	10%	59	10%	43

This represents the Investment Manager's best estimate of a reasonably possible shift in the foreign exchange rates, having regard to historical volatility of those rates. This increase or decrease in the net assets attributable to unitholders arises mainly from a change in the fair value of financial assets and liabilities at fair value through profit or loss that are denominated in other currencies.

The table at Note 3(c) summarises the sensitivities of the Funds' monetary assets and liabilities to currency risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by +/- 10% for Profile Accumulation Portfolio (2021: +/- 10%) and +/- 10% for Profile Preservation Portfolio (2021: +/- 10%) against the material foreign currencies to which the Funds are exposed.

(c) Summarised sensitivity analyses

The following table summarises the sensitivities of the Funds' operating profit/(loss) and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimates, having regard to a number of factors, including historical levels of change in foreign exchange rates, interest rates and historical correlation of the Funds' 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 performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Impact on operating profit/(loss)/ net assets attributable to unitholders					
	Price risk		Interest rate risk		Currency risk	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profile Accumulation Portfolio						
As at June 30, 2022	-10%	+10%	-1%	+1%	+10%	-10%
	(13,190)	13,190	(10)	10	(5)	5
As at June 30, 2021	-11%	+11%	-0.2%	+0.2%	+10%	-10%
	(15,948)	15,948	(10)	10	(63)	63
Profile Preservation Portfolio						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at June 30, 2022	-10%	+10%	-1%	+1%	+10%	-10%
	(5,871)	5,871	(5)	5	-	-
As at June 30, 2021	-6%	+6%	-0.3%	+0.3%	+10%	-10%
	(4,031)	4,031	(6)	6	(12)	12

3 Financial risk management (continued)

(d) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

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

(i) Bank deposits, assets held with the custodian and derivative financial instruments

The Funds' financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, assets held with the custodian and derivative financial instruments.

The table below summarises these assets as at June 30, 2022 and June 30, 2021:

	\$'000	Credit rating	Source of credit rating
Profile Accumulation Portfolio			
As at June 30, 2022			
Bank, Brokers and Custodian			
BNP Paribas	134,591	A+	S&P
National Australia Bank	1	AA-	S&P
As at June 30, 2021			
Bank, Brokers and Custodian			
BNP Paribas	151,909	A+	S&P
National Australia Bank	1	AA-	S&P

The custody balance with BNP Paribas includes investments in funds and derivatives totalling \$133,630,390 (2021: \$146,826,884).

	\$'000	Credit rating	Source of credit rating
Profile Preservation Portfolio			
As at June 30, 2022			
Bank, Brokers and Custodian			
BNP Paribas	59,925	A+	S&P
As at June 30, 2021			
Bank, Brokers and Custodian			
BNP Paribas	69,799	A+	S&P

The custody balance with BNP Paribas includes investments in funds and derivatives totalling \$59,451,613 (2021: \$67,907,937).

There is risk that derivative counterparties may not perform in accordance with the contractual provisions. The counterparties to the Funds' derivative investments may include affiliates of the Funds' clearing brokers and other major financial institutions. The Funds' exposure to credit risk associated with a counterparty with which it trades over-the-counter ("OTC") derivatives is limited to the balance of the collateral pledged to that counterparty, plus the net unrealised gains on the OTC derivative contracts with such counterparty. In the case of exchange-traded and centrally cleared derivatives, the central clearing house acts as the counterparty to each transaction, and therefore the credit risk associated with the derivative contract and any related collateral amounts pledged is limited to the failure of the clearing house.

The Funds minimise counterparty credit risk through credit limits and approvals, credit monitoring procedures, executing master netting arrangements and managing margin and collateral requirements, as appropriate.

The Funds may record counterparty credit risk valuation adjustments, if material, on certain derivative assets in order to appropriately reflect the credit quality of the counterparty. These adjustments are recorded on the market quotes received from counterparties or other market participants since these quotes may not fully reflect the credit risk of the counterparties to the derivative instruments. The Funds have not recorded any counterparty credit risk valuation adjustments for the year-ended June 30, 2022.

3 Financial risk management (continued)

(d) Credit risk (continued)

(i) Bank deposits, amounts due from brokers, assets held with the custodian and derivative financial instruments (continued)

The Funds also limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Investment Manager considers to be well established.

In the normal course of business, the Funds may enter into agreements with certain counterparties for OTC derivative transactions. A number of the Funds' derivative agreements contain provisions that require the Funds to maintain a predetermined level of capital, and/or provide limits regarding the decline of the Funds' capital over specified time periods. If the Funds were to violate such provisions, the counterparties to the derivative instruments could request immediate payment or demand immediate collateralisation on derivative instruments in net liability positions. If such events are not cured by the Funds or waived by the counterparties, they may decide to curtail or limit extension of credit, and the Funds may be forced to unwind its derivative positions which may result in material losses.

(e) Liquidity risk

Liquidity risk is the risk that the Funds 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.

The Funds are exposed to weekly cash redemptions of units in the Funds. The Funds invests the majority of its assets in investments in Australian and international unlisted unit trusts.

In order to manage the Funds' 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 unitholders. The Funds did not reject or withhold any redemptions during 2022 and 2021.

The table below analyses the Funds' non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the reporting period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant. To assess the impact of Coronavirus (COVID-19) on the liquidity of the Funds, the Responsible Entity conducted and enhanced monitoring of the liquidity of the Funds during the reporting year.

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
Profile Accumulation Portfolio					
As at June 30, 2022					
Payables	113	-	-	-	-
Distributions payable	8,398	-	-	-	-
Total financial liabilities	8,511	-	-	-	-
As at June 30, 2021					
Payables	482	-	-	-	-
Distributions payable	2,935	-	-	-	-
Total financial liabilities	3,417	-	-	-	-
Profile Preservation Portfolio					
As at June 30, 2022					
Payables	195	-	-	-	-
Distributions payable	2,386	-	-	-	-
Total financial liabilities	2,581	-	-	-	-
As at June 30, 2021					
Payables	179	-	-	-	-
Distributions payable	1,003	-	-	-	-
Total financial liabilities	1,182	-	-	-	-

4 Offsetting financial assets and financial liabilities

The following tables present the Funds' gross OTC derivative assets and liabilities, by counterparty and contract type, net of amounts available for offset under netting arrangements and any related collateral received or pledged by the Funds as of June 30, 2022.

	Effects of offsetting on the Statements of financial position			Related amounts not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statements of financial position	Net amount of financial assets presented in the Statements of financial position	Amounts subject to master netting arrangements	Cash collateral received	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profile Accumulation Portfolio						
As at June 30, 2022						
Financial assets						
Forward currency contracts						
ANZ	40	-	40	-	-	40
Commonwealth Bank Australia	7	-	7	(7)	-	-
Westpac	122	-	122	(122)	-	-
Total	169	-	169	(129)	-	40
Financial liabilities						
Forward currency contracts						
ANZ	817	-	817	-	-	816
Commonwealth Bank Australia	310	-	310	(7)	-	303
Westpac	607	-	607	(122)	-	485
Total	1,734	-	1,734	(129)	-	1,604
As at June 30, 2021						
Financial assets						
Forward currency contracts						
ANZ	16	-	16	-	-	16
Commonwealth Bank Australia	26	-	26	(26)	-	-
Westpac	59	-	59	(59)	-	-
Total	101	-	101	(85)	-	16
Financial liabilities						
Forward currency contracts						
ANZ	697	-	697	-	-	697
Commonwealth Bank Australia	317	-	317	(26)	-	291
Westpac	829	-	829	(59)	-	770
Total	1,843	-	1,843	(85)	-	1,758

4 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the Statements of financial position			Related amounts not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statements of financial position	Net amount of financial assets presented in the Statements of financial position	Amounts subject to master netting arrangements	Cash collateral received	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profile Preservation Portfolio						
As at June 30, 2022						
Financial assets						
Forward currency contracts						
ANZ	95	-	95	-	-	95
Commonwealth Bank Australia	16	-	16	(16)	-	-
Westpac	19	-	19	(19)	-	-
Total	130	-	130	(35)	-	95
Financial liabilities						
Forward currency contracts						
ANZ	88	-	88	-	-	88
Commonwealth Bank Australia	453	-	453	(16)	-	437
Westpac	200	-	200	(19)	-	181
Total	741	-	741	(35)	-	706
As at June 30, 2021						
Financial assets						
Forward currency contracts						
ANZ	38	-	38	-	-	38
Commonwealth Bank Australia	9	-	9	(9)	-	-
Westpac	10	-	10	(10)	-	-
Total	57	-	57	(19)	-	38
Financial liabilities						
Forward currency contracts						
ANZ	161	-	161	-	-	161
Commonwealth Bank Australia	147	-	147	(9)	-	138
Westpac	424	-	424	(10)	-	414
Total	732	-	732	(19)	-	713

4 Offsetting financial assets and financial liabilities (continued)

Master Agreements

The Funds are parties to master netting arrangements with counterparties ("Master Agreements"). Master Agreements govern the terms of certain like transactions, and reduce the counterparty risk associated with relevant transactions by specifying payment netting mechanisms across multiple transactions and providing standardisation that improves legal certainty. Since the different types of transactions have different mechanics and are sometimes traded by different legal entities of a particular counterparty organisation, each type of transaction may be covered by a different Master Agreement, resulting in the need for multiple Master Agreements with a counterparty and its affiliates. As the Master Agreements are specific to unique operations of different asset types, they allow the Funds to close out and net their total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty.

Prime Broker Agreements may be entered into to facilitate execution and/or clearing of equities, bonds, equity option transactions or short sales of securities between certain Funds and selected counterparties. These agreements provide financing arrangements for such transactions and include guidelines surrounding the rights, obligations, and other events, including, but not limited to, margin, execution, and settlement. These agreements maintain provisions for, among other things, payments, maintenance of collateral, events of default, and termination. Cash and other assets delivered as collateral are typically in the possession of the prime broker and would offset any obligations due to the prime broker.

For financial reporting purposes, derivative assets and liabilities are presented within the Statements of financial position as a component of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss on a gross basis, which reflects the full risks and exposures prior to netting under certain circumstances.

5 Fair value measurement

The Funds measure and recognise financial assets and liabilities at fair value on a recurring basis:

- Financial assets and liabilities at fair value through profit or loss (see Notes 7 & 8)
- Derivatives financial instruments (see Note 9)

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current reporting year. *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 year without any deduction for estimated future selling costs.

The Funds value their investments and derivatives in accordance with the accounting policies set out in Note 2 to the financial. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets and financial liabilities held by the Funds are the last-traded prices.

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.

5 Fair value measurement (continued)

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-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. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and managed funds with suspended applications and withdrawals.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting year. 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.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the reporting year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other managed funds are recorded at the redemption value per unit as reported by the investment managers of such funds. The Funds may make adjustments to the redemption value based on considerations such as liquidity of the unit trust or its underlying investments, or any restrictions on redemptions and the basis of accounting.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

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

Recognised fair value measurements

The following tables present the Funds' financial assets and liabilities measured and recognised at fair value as at June 30, 2022 and June 30, 2021.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Profile Accumulation Portfolio				
As at June 30, 2022				
Financial assets at fair value through profit or loss				
Forward currency contracts	-	169	-	169
Australian unlisted unit trusts	-	88,834	-	88,834
International unlisted unit trusts	-	33,993	10,634	44,627
Total	-	122,996	10,634	133,630
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	1,734	-	1,734
Total	-	1,734	-	1,734

5 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Profile Accumulation Portfolio (continued)				
As at June 30, 2021				
Financial assets at fair value through profit or loss				
Forward currency contracts	-	101	-	101
Australian unlisted unit trusts	-	105,956	-	105,956
International unlisted unit trusts	-	30,737	10,033	40,770
Total	-	136,794	10,033	146,827
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	1,843	-	1,843
Total	-	1,843	-	1,843

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Profile Preservation Portfolio				
As at June 30, 2022				
Financial assets at fair value through profit or loss				
Forward currency contracts	-	130	-	130
Australian unlisted unit trusts	-	36,091	2,615	38,706
International unlisted unit trusts	-	18,633	1,983	20,616
Total	-	54,854	4,598	59,452
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	741	-	741
Total	-	741	-	741

As at June 30, 2021

Financial assets at fair value through profit or loss				
Forward currency contracts	-	57	-	57
Australian unlisted unit trusts	-	46,215	1,508	47,723
International unlisted unit trusts	-	18,043	2,085	20,128
Total	-	64,315	3,593	67,908
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	732	-	732
Total	-	732	-	732

(i) Transfers between levels

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

There were no transfers between levels in the fair value hierarchy for the year ended June 30, 2022.

5 Fair value measurement (continued)

Recognised fair value measurements (continued)

(ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the year ended June 30, 2022 and June 30, 2021 by class of financial instrument.

	Profile Accumulation Portfolio	
	Australian unlisted unit trusts \$'000	International unlisted unit trusts \$'000
Opening balance - July 30, 2020	-	7,465
Transfer into/(out) from level 3	-	1,105
Purchases	-	-
Sales	-	-
Gains/(losses) recognised in the Statements of Comprehensive Income	-	1,463
Closing balance - June 30, 2021	-	10,033
Transfer into/(out) from level 3	-	-
Purchases	-	1,676
Sales	-	(542)
Gains/(losses) recognised in the Statements of Comprehensive Income	-	(533)
Closing balance - June 30, 2022	-	10,634

	Profile Preservation Portfolio	
	Australian unlisted unit trusts \$'000	International unlisted unit trusts \$'000
Opening balance - July 30, 2020	1,378	1,760
Transfer into/(out) from level 3	-	(125)
Purchases	-	-
Sales	-	-
Gains/(losses) recognised in the Statements of Comprehensive Income	130	450
Closing balance - June 30, 2021	1,508	2,085
Transfer into/(out) from level 3	-	-
Purchases	718	99
Sales	(53)	(133)
Gains/(losses) recognised in the Statements of Comprehensive Income	442	(68)
Closing balance - June 30, 2022	2,615	1,983

(iii) Valuation processes

Portfolio reviews are undertaken regularly by the Investment Manager 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, the Investment Manager performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting year.

5 Fair value measurement (continued)

Recognised fair value measurements (continued)

(iii) Valuation processes (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements

	Fair value	Unobservable inputs	Reasonable possible shift +/- (absolute value)	Change in valuation
	\$'000			\$'000
Profile Accumulation Portfolio				
As at June 30, 2022				
Unlisted unit trusts	10,634	Published redemption prices	10%	1,063
As at June 30, 2021				
Unlisted unit trusts	10,033	Published redemption prices	11%	1,104
Profile Preservation Portfolio				
As at June 30, 2022				
Unlisted unit trusts	4,598	Published redemption prices	10%	460
As at June 30, 2021				
Unlisted unit trusts	3,593	Published redemption prices	6%	216

(iv) Fair values of other financial instruments

The Funds did not hold any financial instruments which were not measured at fair value in the Statements of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

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

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

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	Year ended		Year ended	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
Financial instruments				
Net realised gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	(4,029)	11,113	(1,319)	4,536
Net unrealised gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	(16,652)	14,634	(3,893)	2,587
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	(20,681)	25,747	(5,212)	7,123
Total net gains/(losses) on financial instruments at fair value through profit or loss	(20,681)	25,747	(5,212)	7,123

7 Financial assets at fair value through profit or loss

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	As at		As at	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
Financial assets at fair value through profit or loss				
Forward currency contracts	169	101	130	57
Australian unlisted unit trusts	88,834	105,956	38,706	47,723
International unlisted unit trusts	44,627	40,770	20,616	20,128
Total financial assets at fair value through profit or loss	133,630	146,827	59,452	67,908

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

8 Financial liabilities at fair value through profit or loss

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	As at		As at	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
Financial liabilities at fair value through profit or loss				
Forward currency contracts	1,734	1,843	741	732
Total financial liabilities at fair value through profit or loss	1,734	1,843	741	732

An overview of the risk exposure relating to financial liabilities at fair value through profit or loss is included in Note 3.

9 Derivative financial instruments

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

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

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

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

Certain derivative transactions provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. The Investment Manager targets a level of volatility and sets leverage accordingly.

The Funds hold the following derivative instruments:

(a) Forward foreign currency exchange contracts

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

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

	Profile Accumulation Portfolio			Profile Preservation Portfolio		
	Contract/ Notional \$'000	Fair values Assets \$'000	Liabilities \$'000	Contractual/ Notional \$'000	Fair values Assets \$'000	Liabilities \$'000
As at June 30, 2022						
Forward currency contracts	(1,585)	169	1,734	(625)	130	741
Total derivatives	(1,585)	169	1,734	(625)	130	741
As at June 30, 2021						
Forward currency contracts	(1,756)	101	1,843	(682)	57	732
Total derivatives	(1,756)	101	1,843	(682)	57	732

As at the reporting date, Profile Accumulation Portfolio hedged \$(1,585,078) (2021: \$(1,755,673)) comprising of purchase \$102,610,402 (2021: \$87,506,389) and sale \$104,195,480 (2021: \$89,262,063) and Profile Preservation Portfolio hedged \$(625,075) (2021: \$(681,746)) comprising of purchase \$36,984,190 (2021: \$34,607,466) and sale \$37,609,265 (2021: \$35,289,212) of their foreign currency exposure.

Risk exposures and fair value measurement

Information about the Funds' exposures to credit risk, foreign exchange, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 to the financial statements. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of derivative financial assets disclosed above.

10 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds have elected into the AMIT tax regime and consequently the Funds' constitutions have been amended. The Funds do not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Funds meet the criteria set out under AASB 132 and are classified as equity.

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

	As at			
	June 30, 2022 No. '000	June 30, 2021 No. '000	June 30, 2022 \$'000	June 30, 2021 \$'000
Profile Accumulation Portfolio				
Opening balance	129,937	115,762	153,457	118,787
Applications	6,490	7,534	7,656	8,328
Redemptions	(7,956)	(6,938)	(9,388)	(7,832)
Units issued upon reinvestment of distributions	811	13,579	952	14,303
Profit/(loss) for the year	-	-	(11,903)	28,234
Distribution paid and payable	-	-	(8,398)	(8,363)
Closing balance	129,282	129,937	132,376	153,457
Profile Preservation Portfolio				
Opening balance	64,611	62,269	69,292	62,623
Applications	1,807	2,015	1,932	2,113
Redemptions	(6,366)	(3,584)	(6,797)	(3,736)
Units issued upon reinvestment of distributions	303	3,911	323	3,971
Profit/(loss) for the year	-	-	(3,690)	8,122
Distribution paid and payable	-	-	(2,386)	(3,801)
Closing balance	60,355	64,611	58,674	69,292

As stipulated within the Funds' Constitutions, each unit represents a right to an individual share in the Funds and does not extend to a right in the underlying assets of the Funds. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

Capital risk management

The Funds classify their net assets attributable to unitholders as equity. The amount of net assets attributable to unitholders can change significantly on a weekly basis as the Funds are subject to weekly applications and redemptions at the discretion of unitholders.

Weekly applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets by the Investment Manager. Under the terms of the Funds' constitutions, 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.

11 Distributions to unitholders

Distributions are payable at the end of each financial period. Such distributions are determined by reference to the net taxable income of the Funds.

The distributions for the year were as follows:

	Year ended		Year ended	
	June 30, 2022 \$'000	June 30, 2022 CPU*	June 30, 2021 \$'000	June 30, 2021 CPU*
Profile Accumulation Portfolio				
December 31	-	-	5,428	4.31
June 30 (payable)	<u>8,398</u>	<u>6.50</u>	<u>2,935</u>	<u>2.26</u>
Total distributions	<u>8,398</u>		<u>8,363</u>	
Profile Preservation Portfolio				
December 31	-	-	2,798	4.42
June 30 (payable)	<u>2,386</u>	<u>3.95</u>	<u>1,003</u>	<u>1.55</u>
Total distributions	<u>2,386</u>		<u>3,801</u>	

* Distribution is expressed as cents per unit amount in Australian Dollar.

12 Cash and cash equivalents

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	As at June 30, 2022 \$'000	June 30, 2021 \$'000	As at June 30, 2022 \$'000	June 30, 2021 \$'000
Cash at bank	<u>962</u>	<u>5,083</u>	<u>473</u>	<u>1,891</u>
Total cash and cash equivalents	<u>962</u>	<u>5,083</u>	<u>473</u>	<u>1,891</u>

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

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	Year ended		Year ended	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Profit/(loss) for the year	(11,903)	28,234	(3,690)	8,122
Proceeds from sale of financial instruments at fair value through profit or loss	16,866	38,528	11,405	14,059
Payments for purchase of financial instruments at fair value through profit or loss	(17,638)	(37,096)	(6,724)	(12,457)
Net (gains)/losses on financial instruments at fair value through profit or loss	20,681	(25,747)	5,212	(7,123)
Net foreign exchange gain/(loss)	11	(12)	1	(1)
Net change in receivables	(2,154)	(2,596)	(183)	(549)
Net change in payables	(344)	351	(130)	122
Distribution income reinvested	(5,608)	(2,502)	(1,770)	(1,160)
Unlisted unit trust rebate reinvested	(281)	(129)	(139)	(42)
Net cash inflow/(outflow) from operating activities	(370)	(969)	3,982	971
(b) Non-cash financing activities				
The following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	952	14,303	323	3,971
Total non-cash financing activities	952	14,303	323	3,971

As described in Note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (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.

14 Receivables

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	As at		As at	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
Other receivables	437	278	154	88
Total receivables	437	278	154	88

15 Payables

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	As at		As at	
	June 30, 2022 \$'000	June 30, 2021 \$'000	June 30, 2022 \$'000	June 30, 2021 \$'000
Management fees payable	103	116	42	52
Performance fees payable	-	331	-	120
Redemptions payable	10	35	153	7
Total payables	113	482	195	179

16 Remuneration of auditors

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

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	Year ended		Year ended	
	June 30, 2022 \$	June 30, 2021 \$	June 30, 2022 \$	June 30, 2021 \$
Ernst & Young				
Audit and other assurance services				
Audit of financial statements	18,000	16,338	27,000	16,338
Total remuneration for audit and other assurance services	18,000	16,338	27,000	16,338
Taxation services				
Taxation services	7,734	7,365	7,734	7,365
Total remuneration for taxation services	7,734	7,365	7,734	7,365
Total remuneration of Ernst & Young	25,734	23,703	34,734	23,703
PricewaterhouseCoopers				
Audit and other assurance services				
Audit of compliance plan	2,514	2,350	2,514	2,350
Total remuneration for audit and other assurance services	2,514	2,350	2,514	2,350
Total remuneration of PricewaterhouseCoopers	2,514	2,350	2,514	2,350
Total remuneration of auditors	28,248	26,053	37,248	26,053

The auditors' remuneration is borne by the Investment Manager. Fees are stated exclusive of GST.

17 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Funds if they have the ability, directly or indirectly, to control or exercise significant influence over the Funds in making financial and operating disclosures. Related parties may be individuals or other entities.

Responsible Entity

The Responsible Entity of Profile Portfolio Solutions is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150).

Key management personnel

(a) Directors

Key management personnel includes persons who were Directors of the Responsible Entity at any time during the financial year, as follows:

Name

Glenn Foster

Simone Mosse

Vicki Riggio

Phillip Blackmore

Richard McCarthy

Alternate Director for Vicki Riggio

Resigned as Director on 1 February 2022

(b) Other key management personnel

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

Key management personnel unitholdings

During or since the end of the year, none of the Directors or Director related entities held units in the Funds, either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Funds at the end of the year.

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Funds. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Funds do not pay any compensation to their key management personnel. Payments made from the Funds to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

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

Other transactions within the Funds

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

Responsible Entity's/Investment Manager's fees and other transactions

Under the terms of the Funds' Constitutions, the Responsible Entity is entitled to receive a fee for managing the Funds and making it available to investors. The Investment Manager is entitled to receive a management and performance fee at the rates stipulated in the Funds' governing documents.

In accordance with the Product Disclosure Statement, the management fee of the Funds is 0.85% per annum and covers investment manager's fees and all normal expenses including Responsible Entity fees, custodian fees and custodial transaction costs, portfolio administrator and administration fees and costs, unit registry fees and costs, taxation and audit services, professional, compliance and regulator fees, platform exchange and rating fees and costs and other expenses to the extent referable to the Funds.

17 Related party transactions (continued)

Responsible Entity's/Investment Manager's fees and other transactions (continued)

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 Funds, the Responsible Entity and the Investment Manager were as follows:

	Profile Accumulation Portfolio		Profile Preservation Portfolio	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Management fees for the year	1,321,389	1,213,630	572,470	567,422
Performance fees for the year	575,420	2,177,405	218,532	385,072
Aggregate amounts payable to the Investment Manager at the end of the reporting period	103,531	447,010	42,033	172,137

Related party unitholdings

Parties related to the Funds (including The Trust Company (RE Services) Limited, its related parties and other schemes managed by The Trust Company (RE Services) Limited), hold no units in the Funds.

Investments

The Funds held no investments managed by the Responsible Entity or its related parties during the year.

18 Significant events during the year

The Directors continue to assess the potential financial and other impacts of COVID-19 outbreak to the Funds. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Funds are uncertain. The Directors and management will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

On 1 February 2022, Richard McCarthy resigned as a Director.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Funds that occurred during the year.

19 Events occurring after year end

The Directors are not aware of any event or circumstance since the end of the financial year not otherwise addressed within this report that has affected or may significantly affect the operations of the Funds, the results of those operations or the state of affairs of the Funds in subsequent years. The Funds continue to operate as going concerns.

20 Contingent assets and liabilities and commitments


There are no outstanding contingent assets, liabilities or commitments as at June 30, 2022 and June 30, 2021.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- a. the financial statements and notes set out on pages 6 to 36 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Funds' financial positions as at June 30, 2021 and of their performance, for the financial year ended on that date,
- b. there are reasonable grounds to believe that the Funds will be able to pay their 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 The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
27th October 2022



**Building a better
working world**

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Independent Auditor's Report to the Unitholders of Profile Accumulation Portfolio and Profile Preservation Portfolio

Opinion

We have audited the financial report of Profile Accumulation Portfolio and Profile Preservation Portfolio (the "Funds"), which comprises the statements of financial position as at 30 June 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a) giving a true and fair view of the Funds' financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors of the Responsible Entity are responsible for the other information. The other information is the Directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors of the Responsible Entity for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors of the Responsible Entity 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 of the Responsible Entity are responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.
- ▶ 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 Funds' 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 Funds to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young

Ernst & Young

Rohit Khanna

Rohit Khanna
Partner
Sydney
27 October 2022