

Atticus Separately Managed Account

ARSN 619 459 264

Annual Financial Report

For the reporting period ended 30 June 2021

Responsible Entity

Ironbark Asset Management (Fund Services) Ltd

ABN: 63 116 232 154

AFSL: 298626



ATTICUS SEPARATELY MANAGED ACCOUNT
ARSN 619 459 264

ANNUAL REPORT - 30 JUNE 2021



Ironbark Asset Management (Fund Services) Limited
ABN 63 116 232 154
Level 13, 1 Margaret Street, SYDNEY NSW 2000

ATTICUS SEPARATELY MANAGED ACCOUNT

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These financial statements cover Atticus Separately Managed Account ("the Scheme") as an individual entity.

Pursuant to the Product Disclosure Statement lodged with the Australian Securities and Investments Commission dated 15 August 2017, the scheme first commenced accepting investment applications on 15 August 2017.

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

This report is not an offer or invitation for investing in the Scheme. It does not take into account the investment objectives, financial situation and particular needs of the investor.

ATTICUS SEPARATELY MANAGED ACCOUNT

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors of Ironbark Asset Management (Fund Services) Limited ("the Responsible Entity") the Responsible Entity of the Atticus Separately Managed Account ("the Scheme"), present their report together with the financial statements of the Scheme for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Scheme invests in Australian Stock Exchange (ASX) equities, exchange traded funds and other ASX listed entities, unlisted unit trusts and holds cash in accordance with the provisions of the Scheme Constitution.

The Scheme did not have any employees during the year.

The primary aim of the Scheme is to provide investors with flexibility to build their personal portfolios using a range of investment strategies, referred to as model portfolios, to suit the investor's investment needs and objectives. The model portfolios are provided by Atticus Wealth Management Pty Ltd. The scheme is currently only available for investment through a wrap platform offered or administered by Macquarie Investment Management Limited.

DIRECTORS

The following persons held office as directors of the Responsible Entity for the reporting period and up to the date of this report:

C Larsen
B Carpenter
A Donald
R Kellerman (appointed 8 February 2021)

REVIEW AND RESULTS OF OPERATIONS

During the year, the Scheme continued to invest funds in accordance with investment strategies and model portfolios selected by investors and in accordance with the provisions of the Scheme Constitution.

The directors and management continue to assess the potential financial and other impacts to the Scheme of the actions taken to address the coronavirus (COVID-19) global pandemic. The severity and length of the global pandemic and the depth and duration of the associated effects on economic and business activity and on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

There have been no other significant changes to the Scheme's operations since the previous financial year. The Scheme continued to invest in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and the provisions of the Scheme's Constitution.

The investment policy of the Scheme is detailed within the provisions of the governing documents of the Scheme.

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

	Year ended 30 June 2021 \$'000	Year ended 30 June 2020 \$'000
Operating profit/(loss) before finance costs attributable to investors	26,109	(6,018)

ATTICUS SEPARATELY MANAGED ACCOUNT

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Scheme will continue to be managed in accordance with the investment objective and strategy set out in the governing document and in accordance with the Scheme Constitution.

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

At the date of signing there is uncertainty regarding the depth and duration of the impacts on global and domestic economies, business activity and investment market indices from actions taken to address the COVID-19 outbreak. The directors and management will continue to manage and monitor this situation.

The Scheme's ability to continue as a going concern and its ability to pay its debts as and when they become due and payable are not impacted.

ROUNDING OF AMOUNTS

Amounts in the Financial Statements have been rounded to the nearest thousand dollars.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

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

DocuSigned by:

2896F863F6BA4BC...

Sydney
27 September 2021



Auditor's Independence Declaration

As lead auditor for the audit of Atticus Separately Managed Account for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Nicole Osborne'.

Nicole Osborne
Partner
PricewaterhouseCoopers

Melbourne
27 September 2021

ATTICUS SEPARATELY MANAGED ACCOUNT

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

		Year ended 30 June 2021	Year ended 30 June 2020
	Notes	\$'000	\$'000
Investment income			
Interest income		4	86
Dividend income		2,166	1,802
Distribution income		5,797	2,707
Net gains/(losses) on financial assets held at fair value through profit or loss	5	19,475	(9,377)
Total net investment income/(loss)		27,442	(4,782)
Expenses			
Responsible Entity and investment manager fees		1,333	1,236
Total operating expenses		1,333	1,236
Operating profit/(loss)		26,109	(6,018)
Finance costs attributable to investors			
Increase/(Decrease) in net assets attributable to investors	6	26,109	(6,018)
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Represented by:			
Net profit/(loss) attributable to investors		26,109	(6,018)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

ATTICUS SEPARATELY MANAGED ACCOUNT**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Notes	As at 30 June 2021 \$'000	As at 30 June 2020 \$'000
ASSETS			
Cash and cash equivalents	7	5,580	10,658
Receivables	8	5,892	2,607
Due from brokers - receivables for securities sold	11	130	88
Financial assets held at fair value through profit or loss	9	218,418	160,592
Total assets		230,020	173,945
LIABILITIES			
Due to brokers – payables for securities purchased	10	413	11
Payables	12	121	99
Total liabilities (excluding net assets attributable to investors)		534	110
Net assets attributable to investors – liability	6	229,486	173,835
REPRESENTED BY:			
Net assets attributable to investors		229,486	173,835

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

ATTICUS SEPARATELY MANAGED ACCOUNT

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Year ended 30 June 2021	Year ended 30 June 2020
	\$'000	\$'000
Total equity at the beginning of the financial year	-	-
Other comprehensive income		
Total comprehensive income for the financial year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ATTICUS SEPARATELY MANAGED ACCOUNT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Year ended 30 June 2021	Year ended 30 June 2020
	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial assets held at fair value through profit or loss	67,950	124,264
Purchase of financial assets held at fair value through profit or loss	(102,756)	(155,584)
Dividends received	1,821	1,651
Interest received	4	86
Distributions received	2,858	3,734
Responsible entity and investment manager fees paid	(1,310)	(1,234)
Net cash outflow from operating activities	14	(27,083)
Cash flows from financing activities		
Proceeds from applications by investors	45,556	33,193
Payments for withdrawals by investors	(19,201)	(15,511)
Net cash inflow from financing activities	26,355	17,682
Net Decrease in cash and cash equivalents	(5,078)	(9,401)
Cash and cash equivalents at the beginning of the year	10,658	20,059
Cash and cash equivalents at the end of the year	5,580	10,658

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

These financial statements cover Atticus Separately Managed Account (“the Scheme”) as an individual entity. The Scheme was constituted on 30 May 2017 and registered as managed investment scheme domiciled in Australia on 13 June 2017. Pursuant to the Product Disclosure Statement lodged with the Australian Securities and Investments Commission dated 15 August 2017, the scheme first commenced accepting investment applications on 15 August 2017.

The financial statements were authorised for issue on 27 September 2021 and do not reflect subsequent events post this date. The Directors’ have the power to amend these financial statements post their issue date.

The Responsible Entity of the Scheme is Ironbark Asset Management (Fund Services) Limited (“the Responsible Entity”). The Responsible Entity’s registered office is Level 13, 1 Margaret Street, SYDNEY NSW 2000. The financial report is presented in Australian dollars.

The Scheme will continue to be managed in accordance with the investment objective and strategy set out in the Scheme’s offer document and in accordance with the Scheme Constitution.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Scheme is a for-profit entity, applying the appropriate for-profit reporting framework in the preparation of these financial accounts.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets held at fair value through profit or loss and net assets attributable to investors.

Where necessary, comparative information has been reclassified to be consistent with current period disclosures.

Compliance with International Financial Reporting Standards

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

New and amended standards adopted by the Scheme

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

2. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgements

In the application of accounting standards management may be required to make judgements, estimates and assumptions in determining the carrying values of assets and liabilities. For the majority of the investments, quoted market prices are used in determining the value of investments.

Where estimates and assumptions are used in determining the carrying value of assets, these are reviewed on an ongoing basis and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgements made by management in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(b) Financial assets at fair value through profit or loss

Classification

The Scheme's portfolio of financial assets is managed, and its performance is evaluated on a fair value basis in accordance with Model Portfolios and mandates, overall investment strategy and within approved limits. The Scheme uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio. The Scheme's 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.

Equity securities and derivatives are measured at fair value through profit or loss.

Recognition/derecognition

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

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

Measurement

At initial recognition, the Scheme measures financial assets at fair value.

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

The valuation of financial assets in the Statement of Financial Position is determined as follows:

- Investments in listed securities (e.g. fully paid ordinary shares, listed trusts) are stated at fair value and are valued by reference to the relevant market quotation at the reporting date (generally last traded price).
- Investments in unlisted unit trusts are valued by reference to the prevailing redemption prices at the reporting date as notified by the investment manager.

(c) Investment income and expenses

Revenue and Expense Recognition is determined as follows:

- Trust distributions are brought to account on an accrual basis.
- Dividends are recognised in the accounts of the Scheme on the announced ex-dividend date.
- Changes in the fair value of investments are recognised in the Statement of Comprehensive Income in the periods in which they occur.
- Expenses are recognised on an accruals basis and if not paid at the reporting date, are reflected in the Statement of Financial Position as a payable.

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

2. Summary of Significant Accounting Policies (continued)

(d) Net assets attributable to investors

Portfolios managed under the scheme, are redeemable at the investor's option and are therefore classified as liabilities. Investors may elect to close their personal portfolio account under the scheme at any point in time. They may elect to have:

- assets sold and the proceeds paid by electronic transfer to their Platform Account
- assets transferred to their Platform Account (as allowable under law, the terms of an investment itself or the terms of the Eligible Platform), or
- a combination of the above.

Prior to closure of the investor's account, the balance is applied to pay all obligations, fees and charges prior to sending the final proceeds to their Platform Account.

(e) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash includes cash on hand with financial institutions.

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 Scheme's main income generating activity.

(f) Income tax

Under current legislation, the Scheme is not subject to income tax as the Scheme is deemed to be a 'Transparent Trust' as investors are absolutely entitled to the capital and income of the Scheme.

Financial instruments may include unrealised capital gains and losses. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax. Capital losses are passed on to the investor and not retained within the Scheme.

The Scheme currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Comprehensive Income. The benefit of any foreign withholding tax is passed on to the investor.

(g) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Scheme will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

(h) Receivables

Receivables may include amounts for dividends and distributions. Dividend receivables relate to dividends announced where the ex-dividend date occurred prior to the end of the financial year with payment of the dividend due post 30 June 2021. Similarly, distributions receivable represents distributions paid post 30 June 2021 where present entitlement referable to the current financial year. Amounts are generally received within 30 days of being recorded as receivables.

(i) Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at year end.

(j) Goods and Services Tax (GST)

Where applicable, GST incurred by the scheme that is not recoverable from the Australian Taxation Office, has been recognised as part of the expense to which it applies. Receivables and payables are stated with any applicable GST (net of GST recoverable) in their carrying amounts.

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

2. Summary of Significant Accounting Policies (continued)

(k) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3. Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. Depending on the scheme's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. In other cases, it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Scheme. Such interests include holdings of units in unlisted trusts. The nature and extent of the Scheme interests in structured entities are titled "unlisted unit trusts" and are summarised in note 9.

The Scheme has exposures to unconsolidated structured entities through its investments. The Scheme typically has no other involvement with the structured entity other than the securities it holds as part of its investments and its maximum exposure to loss is restricted to the carrying value of the asset.

Exposures are managed in accordance with financial risk management practices as set out in note 14.

4. Remuneration of auditors

During the year the following fees were incurred and paid for by the Responsible Entity of the Scheme, for services provided by the auditor of the Scheme (amounts net of GST):

	Year ended 30 June 2021 \$'000
PwC	
Audit and review of financial statements	12
KPMG Australian firm	
Audit of compliance plan	4
Total remuneration for audit and other assurance services	16
	Year ended 30 June 2020 \$'000
KPMG Australian firm	
Audit and review of financial statements	9
Audit of compliance plan	4
Total remuneration for audit and other assurance services	13

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

5. Net gains/(losses) on financial assets held at fair value through profit or loss

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

	Year ended 30 June 2021 \$'000	Year ended 30 June 2020 \$'000
Net unrealised gain on financial assets designated at fair value through profit or loss	17,074	599
Net realised gain/(loss) on financial assets designated at fair value through profit or loss	2,401	(9,976)
Net gains/(losses) on financial assets held at fair value through profit or loss	19,475	(9,377)

6. Net assets attributable to investors

Movements in the net assets attributable to investors during the year were as follows:

As stipulated within the Scheme's Constitution, investors are beneficial owners of investments in their personal portfolios in the Scheme and have the right to sell the investments at prevailing market prices.

Under Australian Accounting Standards, net assets attributable to investors are classified as a liability. Consequently, the movement in net assets attributable to investors is recognised as finance costs in the current period's Statement of Comprehensive Income.

The Scheme endeavours to invest the applications received in appropriate investments while maintaining sufficient liquidity to meet withdrawals, such liquidity being augmented by disposal of securities where necessary.

	Year ended 30 June 2021 \$'000 Liability	Year ended 30 June 2020 \$'000 Liability
Opening balance	173,835	162,288
Applications		
- Cash	45,556	33,193
- Securities transferred in	9,478	6,253
Withdrawals		
- Cash withdrawals	(19,201)	(15,511)
- Securities transferred out	(6,291)	(6,370)
Increase/(Decrease) in net assets attributable to investors	26,109	(6,018)
Closing balance	229,486	173,835

The Scheme is not unitised and therefore movements in units have not been shown.

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

	Year ended 30 June 2021	Year ended 30 June 2020
	\$'000	\$'000
7. Cash and cash equivalents		
Cash at bank	5,580	10,658
Total cash and cash equivalents	5,580	10,658
8. Receivables		
Receivables from listed Australian equity securities	993	647
Receivables from unlisted unit trusts	4,899	1,960
Total other receivables	5,892	2,607
9. Financial assets held at fair value through profit or loss		
Financial assets at fair value through profit or loss		
Equity securities listed on a prescribed stock exchange	27,078	16,079
Listed trusts	71,064	56,981
Unlisted unit trusts	120,276	87,532
Total financial assets held at fair value through profit or loss	218,418	160,592
Unlisted unit trusts		
Units in domestic equity trusts	6,214	5,147
Units in domestic fixed interest trusts	18,498	6
Units in domestic property trusts	2,561	1,536
Units in international equity trusts	51,166	36,675
Units in international fixed interest trusts	16,001	10,788
Units in alternative investments trusts	-	12
Units in cash trusts	25,836	33,368
Total unlisted unit trusts	120,276	87,532
10. Due to brokers – payables for securities bought		
Due to brokers	413	11
Total due to brokers – payables for securities bought	413	11
11. Due from brokers – receivables for securities sold		
Due from brokers	130	88
Total due from brokers – receivables for securities sold	130	88
12. Payables		
Responsible Entity and investment manager fees payable	121	99
Total payables	121	99

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

13. Related party information

Ironbark Asset Management (Fund Services) Limited (“the Responsible Entity”) is the Responsible Entity of the scheme. The following persons held office as directors of the Responsible Entity during the period or since the end of the reporting period end date and up to the date of this report:

C Larsen
B Carpenter
A Donald
R Kellerman (appointed 8 February 2021)

There were no transactions between the Scheme and the directors of the Responsible Entity. No fees were paid out of Scheme property to the directors of the Scheme during the period.

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

	Year ended 30 June 2021 \$'000	Year ended 30 June 2020 \$'000
Operating profit/(loss) for the year	26,109	(6,018)
Adjustments for:		
Proceeds from sale of financial assets held at fair value through profit or loss	67,950	124,264
Purchase of financial assets held at fair value through profit or loss	(102,756)	(155,584)
Net (gains)/losses on financial assets held at fair value through profit or loss	(19,475)	9,377
Net change in receivables and other assets	(3,285)	876
Net change in payables and other liabilities	22	2
Corporate Actions	2	-
Net cash outflow from operating activities	(31,433)	(27,083)

15. Financial risk management

a) Strategy in using financial instruments

The Scheme offers a variety of Separately Managed Account (“SMA”) Model Portfolios from a range of Investments Managers across the following main asset classes including Australian equities, international equities, property, fixed interest, alternative investments and cash, for investors to choose from. Investors may select one SMA Model Portfolio or a combination of SMA Model Portfolios in order to meet their investment needs. The Scheme may also provide multi-asset class SMA Model Portfolios across different risk levels, providing diversification in style, investment manager and asset class.

The Scheme’s activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. Investors share the risk exposure for their given investment choice.

The Scheme’s overall risk management programme focuses on ensuring compliance with the Scheme’s Product Disclosure Statement and that investment activities are undertaken in accordance with the model portfolio mandates.

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**15. Financial risk management (continued)****b) Market risk****i) Price Risk**

The Scheme trades in financial instruments, taking positions in listed equities, listed and unlisted trusts.

All securities investments present a risk of loss of capital. This risk is managed by ensuring that all activities are transacted in accordance with Model Portfolios and mandates, overall investment strategy and within approved limits. The Investment Model Providers moderate this risk through a careful selection of securities within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Scheme's overall market positions are monitored on a daily basis by the Scheme's implementation manager Macquarie Investment Management Limited (MIML).

Market price risk analysis is conducted regularly on a total portfolio basis. The Investment Model Providers monitor and manage the Model Portfolios on a daily basis. The Scheme's implementation manager then ensures that the Scheme is invested according to the mandates of the Model Portfolios.

The Scheme's investments are susceptible to market price risk arising from uncertainties about future prices of the underlying trusts and listed equities. Changes in security prices may result in a loss of capital. Factors that drive changes in security prices include the changing profitability of companies and industries, economic cycles, volume of security issuance, investor demand levels, and business confidence, changes in government and central bank policies, and international crisis or natural disaster.

The following table summarises the sensitivity of the Scheme's net assets attributable to investors to price risk. The analysis is based on the assumptions +/- 15% movement with all other variables held constant. The movements in risk variables have been determined based on management's best estimate, having regard to a number of factors, including 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 shocks resulting from changes in the performance of the markets and securities in which the Scheme invests. As a result, historical variations in risk variables are not a definitive indicator of future variations in risk variables.

Change in price risk	Net assets attributable to investors	
	-15%	+15%
	\$'000	\$'000
30 June 2021	(32,763)	32,763
30 June 2020	(24,089)	24,089

ii) Foreign exchange risk

The Scheme is not directly exposed to foreign exchange risk because no investments in financial instruments are denominated in foreign currencies at the reporting date.

The foreign exchange risk disclosures have been prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held indirectly through units in related funds. Consequently, the disclosure of currency risk in this note may not represent the true currency risk profile of the Scheme where the Scheme has significant investments in unit trusts which have exposure to currency markets.

iii) 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 majority of the Scheme's financial assets and liabilities are non-interest bearing. While the Scheme is normally invested per the Scheme's Product Disclosure statement, a residual cash balance may be maintained at times and interest may be earned. The Scheme is not directly subject to material amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Scheme may be exposed to interest rate risk indirectly through financial instruments held which may have underlying sensitivity to interest rate movements. The interest rate risk disclosures have been prepared on the basis of the Scheme's direct investments and not on a look through basis. Consequently, the disclosure of interest rate risk in this note may not represent the true interest rate risk profile of the Scheme where the Scheme has significant investments in unit trusts which have exposure to interest rate markets.

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

15. Financial risk management (continued)

iii) Interest rate risk (continued)

The weighted average interest rate for current financial year is 0.01% (2020: 0.57%) and the table below summaries the Scheme's exposure to interest rate risks.

30 June 2021	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets			
Cash and cash equivalents	5,580	-	5,580
Receivables	-	5,892	5,892
Due from brokers – receivables for securities sold	-	130	130
Financial assets held at fair value through profit or loss	-	218,418	218,418
Total assets	5,580	224,440	230,020
Liabilities			
Due to brokers – payables for securities purchased	-	413	413
Payables	-	121	121
Total liabilities (excluding net assets attributable to investors)	-	534	534

30 June 2020	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets			
Cash and cash equivalents	10,658	-	10,658
Receivables	-	2,607	2,607
Due from brokers – receivables for securities sold	-	88	88
Financial assets held at fair value through profit or loss	-	160,592	160,592
Total assets	10,658	163,287	173,945
Liabilities			
Due to brokers – payables for securities purchased	-	11	11
Payables	-	99	99
Total liabilities (excluding net assets attributable to investors)	-	110	110

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

15. Financial risk management (continued)

iii) Interest rate risk (continued)

An analysis of financial liabilities by maturities is provided in paragraph (c) below.

Credit risk arises from cash and cash equivalents and amounts due from brokers. None of these assets are impaired nor past due but not impaired. The current credit rating of Macquarie Bank Limited is A-1.

Credit risk in the Scheme is managed by ensuring;

- counterparties, together with the respective credit limits, are approved;
- that transactions are undertaken with a large number of counterparties; and
- that the majority of transactions are undertaken on recognised exchanges.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. This relates also to financial assets carried at amortised cost, as they have a short term to maturity.

No sensitivity analysis has been prepared as interest rate risk is not significant due to the majority of balances being non-interest bearing.

c) Liquidity risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments.

Liquidity risk may result from particular securities or investments as it may be difficult to purchase or sell, preventing the Scheme from closing out its position or rebalancing within a timely period and at a fair price.

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

	On demand	Less than 1 month	Total
	\$'000	\$'000	\$'000
As at 30 June 2021			
Due to brokers payable for securities purchased	-	413	413
Payables	-	121	121
Net assets attributable to investors	5,580	223,906	229,486
Total financial liabilities	5,580	224,440	230,020

	On demand	Less than 1 month	Total
	\$'000	\$'000	\$'000
As at 30 June 2020			
Due to brokers payable for securities purchased	-	11	11
Payables	-	99	99
Net assets attributable to investors	10,658	163,177	173,835
Total financial liabilities	10,658	163,287	173,945

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

15. Financial risk management (continued)

d) Fair values of financial assets

The carrying amounts of the Scheme's assets at the Statement of Financial Position date approximate their fair values.

Financial assets held at fair value through profit or loss is measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all assets held at fair value through profit or loss is measured at fair value with changes in their value recognised in the Statement of Comprehensive income.

e) Fair value hierarchy

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

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2021				
Financial assets at fair value through profit or loss				
Equity securities	27,078	-	-	27,078
Listed trusts	71,064	-	-	71,064
Unlisted unit trusts	-	120,276	-	120,276
Total financial assets	98,142	120,276	-	218,418

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2020				
Financial assets at fair value through profit or loss				
Equity securities	16,079	-	-	16,079
Listed trusts	56,981	-	-	56,981
Unlisted unit trusts	-	87,532	-	87,532
Total financial assets	73,060	87,532	-	160,592

ATTICUS SEPARATELY MANAGED ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

15. Financial risk management (continued)

e) Fair value hierarchy (continued)

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and listed trusts.

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

There were no transfers between levels for the year ended 30 June 2021.

16. Events occurring after reporting date

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

17. Contingent assets and liabilities and commitments

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

18. COVID-19 impact on financial statements

COVID 19, was declared a world-wide pandemic by the World Health Organisation in March 2020. The impact of COVID-19 and the measures taken to slow the spread of the virus have contributed significantly to the uncertainty and the market volatility to global economies and all the financial and commodity markets.

The Scheme's risk management framework continues to be applied and the Responsible Entity continues to monitor the impact of COVID-19 on the Scheme's risk profile. The Scheme has considered the impact of COVID-19 and other market volatility in preparing its financial statements. The fair value measurement principles described in note 15(e) are consistent with the prior year and continue to be appropriate.

ATTICUS SEPARATELY MANAGED ACCOUNT

DIRECTORS' DECLARATION

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 4 to 19 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 Scheme's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

The directors declare that the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards (see note 2(a)).

This declaration is made in accordance with a resolution of the Directors.

DocuSigned by:

2896F863F6BA4BC...
Director
Sydney
27 September 2021



Independent auditor's report

To the unitholders of Atticus Separately Managed Account

Our opinion

In our opinion:

The accompanying financial report of Atticus Separately Managed Account (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors of the Responsible Entity's declaration.

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

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

Other information

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

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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 on the other information that we obtained prior to the date of this auditor's report, 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 determines 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 ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in a dark grey or black ink.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Nicole Osborne'.

Nicole Osborne
Partner

Melbourne
27 September 2021