

STRATEGIC FUNDS
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

STRATEGIC FUNDS
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

The Strategic Funds ('the Schemes') consist of five separate schemes.

01. Strategic Australian Equity Fund
ARSN 133 312 820

02. Strategic Fixed Interest Fund
ARSN 151 280 723

03. Strategic Global Property Fund
ARSN 133 312 571

04. Strategic International Equity Fund
ARSN 133 308 219

05. Strategic Sustainable Global Bond Fund
ARSN 649 740 876

**STRATEGIC FUNDS
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

TABLE OF CONTENTS

	Page
Directors' Report	4-7
Lead Auditor's Independence Declaration	8
Independent Auditor's Report to the Unitholders	9-11
Directors' Declaration	12
Statements of Comprehensive Income	13-14
Statements of Financial Position	15
Statements of Changes in Equity	16
Statements of Cash Flows	17-18
Notes to the Financial Statements	19-63

**STRATEGIC FUNDS
DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

The Directors of IOOF Investment Services Limited, the Responsible Entity of the Strategic Funds, present this report together with the financial statements of the Strategic Funds ('the Schemes'), for the year ended 30 June 2021(except Strategic Sustainable Global Bond Fund which commenced operations on 21 June 2021) and the auditor's report thereon. The Strategic Sustainable Global Bond Fund financial period covers 21 June 2021 to 30 June 2021

Principal activities

The Schemes are registered managed investment schemes domiciled in Australia.

The Schemes invest in accordance with the investment policy of the Schemes as set out in their respective Product Disclosure Statements (PDSs) and in accordance with the Schemes' Constitutions.

The Schemes did not have any employees during the year (2020: Nil).

Responsible Entity

The following persons held office as Directors of IOOF Investment Services Limited during the year and up to the date of this report:

Ms D.G Allen (Chairman)
Ms M.A Nunan
Mr J. Selak

Review of operations

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

**STRATEGIC FUNDS
DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

DIRECTORS' REPORT (continued)

Results

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

	01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund		03. Strategic Global Property Fund		04. Strategic International Equity Fund		05. Strategic Sustainable Global Bond Fund
	Year ended		Year ended		Year ended		Year ended		Period ended
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$
Total comprehensive income	639,293	(277,035)	11,604	21,657	204,971	(100,597)	653,869	(59,850)	(8)

Distributions

	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$
Distributions paid and payable									
31 December paid	24,758	41,664	10,337	21,661	7,330	2,959	9,437	-	-
30 June final payable	77,006	52,247	58,072	-	50,336	25,185	141,317	25,149	-
	<u>101,764</u>	<u>93,911</u>	<u>68,409</u>	<u>21,661</u>	<u>57,666</u>	<u>28,144</u>	<u>150,754</u>	<u>25,149</u>	<u>-</u>
Distributions (CPU-cents per unit)	CPU	CPU	CPU	CPU	CPU	CPU	CPU	CPU	CPU
31 December paid	19.70	31.04	5.24	10.30	15.17	6.76	9.79	-	-
30 June final payable	64.69	39.79	29.17	-	101.44	55.11	147.83	26.33	-
	<u>84.39</u>	<u>70.83</u>	<u>34.41</u>	<u>10.30</u>	<u>116.61</u>	<u>61.87</u>	<u>157.62</u>	<u>26.33</u>	<u>-</u>

Performance

The table below demonstrates the performance of the Schemes as represented by the total return per annum, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return per annum calculated after fees is shown for the past two years to 30 June and assumes that all distributions were re-invested during that period. The comparison to benchmark performance for the past two periods to 30 June is also shown below:

	01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund		03. Strategic Global Property Fund		04. Strategic International Equity Fund		05. Strategic Sustainable Global Bond Fund
	2021	2020	2021	2020	2021	2020	2021	2020	2021
	%	%	%	%	%	%	%	%	%
Capital growth	26.95	(14.91)	(2.72)	(0.10)	18.00	(15.13)	27.63	(4.82)	-
Distribution	5.55	3.61	3.33	1.00	7.11	3.07	8.41	1.32	-
Total return	32.50	(11.30)	0.61	0.90	25.11	(12.06)	36.04	(3.50)	-
Benchmark return	28.12	(6.57)	0.06	0.85	28.71	(16.04)	31.34	2.82	-
Benchmark name	S&P/ASX 300 Ex-A-REIT		Bloomberg AusBond Bank Bill Index		Property Composite - S&P Developed REIT		MSCI World Ex-Australia		Bloomberg Barclays Global Aggregate Bond Index

Consistent with our statements in the current Product Disclosure Statements, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

**STRATEGIC FUNDS
DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

DIRECTORS' REPORT (continued)

Indirect Cost Ratio

The costs are calculated on the net asset value of the Schemes and are deducted from the assets of the Schemes. The costs are accrued daily and paid monthly and are incorporated into the daily unit prices of the Schemes. The indirect cost ratio calculation includes investment management fees charged to the Schemes during the financial year, including those charged by the Responsible Entity directly for the management of the assets.

The indirect cost ratios of the Schemes are shown as follows:

	01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund		03. Strategic Global Property Fund		04. Strategic International Equity Fund		05. Strategic Sustainable Global Bond Fund
	2021	2020	2021	2020	2021	2020	2021	2020	2021
	%	%	%	%	%	%	%	%	%
Indirect Cost Ratios	0.27	0.30	0.28	0.28	0.38	0.38	0.39	0.42	0.33

Significant changes in state of affairs

Coronavirus (COVID-19) pandemic impacts:

The existence of COVID-19 has resulted in significant volatility in global and domestic financial markets. As at the reporting date, there is still significant uncertainty on the likely duration and the ultimate impact COVID-19 will have on world economies.

IOOF Investment Services Limited continues to operate the Schemes in accordance with the provisions of each Scheme's Constitution and no other matter or circumstances has arisen during the period that has significantly affected, or may significantly affect:

- (i) the operations of the Schemes;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Schemes.

Other than the above, there were no significant changes in the state of affairs of the Schemes.

Matters subsequent to the end of the financial year

No significant event has occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the Statements of Financial Position as at 30 June 2021 or on the results and cash flows of the Schemes for the year ended on that date.

Likely developments and expected results of operations

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

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

Further information on likely developments in the operation of the Schemes and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Schemes.

**STRATEGIC FUNDS
DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

DIRECTORS' REPORT (continued)

Indemnification and insurance of officers and auditors

There is a Directors' and Officers' insurance policy which indemnifies the Directors and Officers of IOOF Investment Services Limited against liabilities to persons outside IOOF Investment Services Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the Schemes. The auditor of the Schemes is in no way indemnified out of the assets of the Schemes.

Fees paid to and interests held in the Schemes by the Responsible Entity or its Related Parties

Details of fees paid to the Responsible Entity during the period are disclosed in Note 3 Related party transactions of the financial statements.

The interests in the Schemes held by the Responsible Entity or its related parties during the period are disclosed in Note 3 Related party transactions of the financial statements.

Interests in the Schemes

Details of movement in net assets attributable to unitholders and total units on issue are disclosed in Note 7 Net assets attributable to unitholders of the financial statements.

The basis for valuation of the Schemes' assets is disclosed in Note 2 Summary of significant accounting policies of the financial statements.

Environmental regulation

The operations of the Schemes are not subject to any significant environmental regulation under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report and financial statements for the Schemes have been rounded to the nearest thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, except Strategic Sustainable Global Bond Fund, which is disclosed in dollars.

Lead auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 8 and forms part of the Directors' Report for the period ended 30 June 2021.

Signed in accordance with a resolution of the Directors of IOOF Investment Services Limited.

On behalf of the Directors,



Ms D.G Allen
Director

Melbourne, 27 September 2021



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

To the Directors of IOOF Investment Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Strategic Australian Equity Fund, Strategic Fixed Interest Fund, Strategic Global Property Fund and Strategic International Equity Fund for the financial year ended 30 June 2021, and Strategic Sustainable Global Bond Fund for the period 21 June 2021 to 30 June 2021, there have been:

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

KPMG

David Kells

Partner

Sydney

27 September 2021

To the unitholders of the Mosaic Strategic Trusts:

*Strategic Australian Equity Fund
Strategic Global Property Fund
Strategic Sustainable Global Bond Fund - new fund*

*Strategic Fixed Interest Fund
Strategic International Equity Fund*

For the purpose of this report, the term Scheme and Schemes denote the individual and distinct entity for which the financial information is prepared and upon which our audit is performed. Each is to be read as a singular subject matter.

Opinion

We have audited the **Financial Report** of the Schemes.

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

- giving a true and fair view of the Schemes' financial position as at 30 June 2021, and of their financial performance and their cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statements of financial position as at 30 June 2021
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.



Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other Information

Other Information is financial and non-financial information in the Schemes' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of IOOF Investment Services Limited (the Responsible Entity) are responsible for the Other Information.

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. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Directors for the Financial Report

The Directors of the IOOF Investment Services Limited (the Responsible Entity) are responsible for:

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



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

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

KPMG

David Kells

Partner

Sydney

27 September 2021

**STRATEGIC FUNDS
DIRECTORS' DECLARATION
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

The Directors of IOOF Investment Services Limited, the Responsible Entity of the Strategic Funds ('the Schemes') declare that:

- (a) the financial statements and notes set out on pages 13 to 63 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Schemes' financial position as at 30 June 2021 and of their performance for the period ended on that date.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a) Basis of preparation; and
- (c) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of IOOF Investment Services Limited.

On behalf of the Directors,



Ms D.G Allen
Director

Melbourne, 27 September 2021

**STRATEGIC FUNDS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Note	01. Strategic Australian Equity Fund Year ended		02. Strategic Fixed Interest Fund Year ended		03. Strategic Global Property Fund Year ended	
		30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
<u>Investment Income</u>							
Trust distribution income and dividend income		72,406	93,262	-	-	30,892	33,413
Interest income from financial assets held at amortised cost		14	134	-	183	9	70
Interest income from financial assets held at fair value through profit or loss		-	-	25,374	34,850	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		572,837	(363,205)	(8,671)	(6,556)	181,712	(127,180)
Net gains/(losses) on foreign exchange		(2)	-	630	(669)	(242)	312
Other income		3	8	-	-	1	13
Total investment income/(loss)		645,258	(269,801)	17,333	27,808	212,372	(93,372)
<u>Expenses</u>							
Responsible Entity fees	3	2,871	3,760	3,736	3,798	2,521	2,561
Investment Management fees		2,931	3,283	1,967	2,324	751	764
Withholding tax		-	-	-	-	4,020	3,768
Transaction costs		22	32	26	29	69	58
Scheme expenses		141	159	-	-	40	74
Total operating expenses		5,965	7,234	5,729	6,151	7,401	7,225
Operating profit/(loss)		639,293	(277,035)	11,604	21,657	204,971	(100,597)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		639,293	(277,035)	11,604	21,657	204,971	(100,597)

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

**STRATEGIC FUNDS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

		04. Strategic International Equity Fund Year ended		05. Strategic Sustainable Global Bond Fund Period ended
	Note	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$
<u>Investment Income</u>				
Trust distribution income and dividend income		43,485	42,508	-
Interest income from financial assets held at amortised cost		18	159	-
Interest income from financial assets held at fair value through profit or loss		-	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		625,421	(91,294)	(7)
Net gains/(losses) on foreign exchange		(1,322)	2,335	-
Other income		46	62	-
Total investment income/(loss)		667,648	(46,230)	(7)
<u>Expenses</u>				
Responsible Entity fees	3	5,074	5,058	1
Investment Management fees		2,935	2,847	-
Withholding tax		5,416	5,237	-
Transaction costs		229	400	-
Scheme expenses		125	78	-
Total operating expenses		13,779	13,620	1
Operating profit/(loss)		653,869	(59,850)	(8)
Other comprehensive income		-	-	-
Total comprehensive income for the period		653,869	(59,850)	(8)

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

**STRATEGIC FUNDS
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund		03. Strategic Global Property Fund	
	Note	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Assets							
Cash and cash equivalents		12,917	44,809	83,113	56,077	20,579	11,059
Margin accounts		-	3,961	-	-	-	-
Receivables		11,323	10,710	23,413	7,776	6,437	5,220
Financial assets held at fair value through profit or loss	4	2,434,276	2,066,186	1,980,755	2,053,167	1,021,405	779,737
Total assets		2,458,516	2,125,666	2,087,281	2,117,020	1,048,421	796,016
Liabilities							
Financial liabilities held at fair value through profit or loss	5	-	162	18,453	3,508	12,864	2,427
Distributions payable	6	77,006	52,247	58,072	-	50,336	25,185
Other payables		3,571	7,100	7,250	38,564	1,719	1,078
Total liabilities		80,577	59,509	83,775	42,072	64,919	28,690
Net assets attributable to unitholders - equity	7	2,377,939	2,066,157	2,003,506	2,074,948	983,502	767,326

		04. Strategic International Equity Fund		05. Strategic Sustainable Global Bond Fund
	Note	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$
Assets				
Cash and cash equivalents		52,242	25,230	-
Receivables		6,080	4,842	-
Financial assets held at fair value through profit or loss	4	2,424,710	1,810,959	9,993
Total assets		2,483,032	1,841,031	9,993
Liabilities				
Financial liabilities held at fair value through profit or loss	5	28,419	4,999	-
Distributions payable	6	141,317	25,149	-
Other payables		2,772	2,253	1
Total liabilities		172,508	32,401	1
Net assets attributable to unitholders - equity	7	2,310,524	1,808,630	9,992

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

**STRATEGIC FUNDS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund		03. Strategic Global Property Fund	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities						
Proceeds from the sale of financial instruments held at fair value through profit or loss	360,324	348,463	1,227,669	2,460,883	76,510	118,553
Payments for the purchase of financial instruments held at fair value through profit or loss	(151,598)	(257,598)	(1,194,103)	(2,352,573)	(124,107)	(128,034)
Interest received	14	156	25,401	37,453	8	73
Trust distributions and dividends received	60,952	85,243	-	-	27,661	32,666
Other income received	8	8	-	-	1	14
Operating expenses paid	(2,749)	(10,652)	(5,947)	(6,146)	(7,462)	(8,462)
Net movement in margin accounts	3,960	(1,725)	-	-	-	-
Net cash inflow/(outflow) from operating activities	11(a) <u>270,911</u>	<u>163,895</u>	<u>53,020</u>	<u>139,617</u>	<u>(27,389)</u>	<u>14,810</u>
Cash flows from financing activities						
Proceeds from application of units	82,997	201,120	283,568	280,572	128,747	100,817
Payments for redemption of units	(320,383)	(304,931)	(300,437)	(378,334)	(63,279)	(93,738)
Distributions paid	(65,417)	(102,036)	(9,115)	(40,978)	(28,559)	(19,100)
Net cash inflow/(outflow) from financing activities	<u>(302,803)</u>	<u>(205,847)</u>	<u>(25,984)</u>	<u>(138,740)</u>	<u>36,909</u>	<u>(12,021)</u>
Net increase/(decrease) in cash and cash equivalents	(31,892)	(41,952)	27,036	877	9,520	2,789
Cash and cash equivalents at the beginning of the financial period	44,809	86,761	56,077	55,200	11,059	8,270
Cash and cash equivalents at the end of the financial period	<u>12,917</u>	<u>44,809</u>	<u>83,113</u>	<u>56,077</u>	<u>20,579</u>	<u>11,059</u>

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

**STRATEGIC FUNDS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	04. Strategic International Equity Fund Year ended		05. Strategic Sustainable Global Bond Fund Period ended
	30 June 2021	30 June 2020	30 June 2021
Note	\$'000	\$'000	\$
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Proceeds from the sale of financial instruments held at fair value through profit or loss	275,480	292,066	-
Payments for the purchase of financial instruments held at fair value through profit or loss	(241,328)	(391,540)	(10,000)
Interest received	18	186	-
Trust distributions and dividends received	42,659	42,709	-
Other income received	46	61	-
Operating expenses paid	(14,389)	(13,745)	-
Net movement in margin accounts	-	3,661	-
Net cash inflow/(outflow) from operating activities	62,486	(66,602)	(10,000)
	11(a)		
Cash flows from financing activities			
Proceeds from application of units	192,388	211,897	10,000
Payments for redemption of units	(198,322)	(198,973)	-
Distributions paid	(29,540)	(5,978)	-
Net cash inflow/(outflow) from financing activities	(35,474)	6,946	10,000
Net increase/(decrease) in cash and cash equivalents	27,012	(59,656)	-
Cash and cash equivalents at the beginning of the financial period	25,230	84,886	-
Cash and cash equivalents at the end of the financial period	52,242	25,230	-

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

**STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

Note 1: General information

This financial report covers the Strategic Funds ('the Schemes') as individual entities. The Schemes are registered managed investment schemes under the *Corporations Act 2001*.

Scheme information

The Schemes are Australian registered schemes.

Scheme Name	Date of Commencement	Date of Termination
01. Strategic Australian Equity Fund	9 December 2008	8 December 2088
02. Strategic Fixed Interest Fund	13 August 2011	12 August 2091
03. Strategic Global Property Fund	9 December 2008	8 December 2088
04. Strategic International Equity Fund	9 December 2008	8 December 2088
05. Strategic Sustainable Global Bond Fund	20 April 2021	20 April 2101

The Responsible Entity of the Schemes is IOOF Investment Services Limited. The Responsible Entity's registered office is Level 6, 161 Collins Street, Melbourne, VIC 3000. The Responsible Entity's ABN number is 80 007 350 405.

The financial statements were authorised for issue by the Directors on 27 September 2021. The Directors of the Responsible Entity have the power to amend and reissue the financial report as considered necessary under the Schemes' Constitutions.

Note 2: Summary of significant accounting policies

The principal accounting policies applied in the preparation of this financial report 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

The financial report is a general purpose financial report for the period ended 30 June 2021 which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporation Act 2001. The financial report of the Schemes complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standard Board (IASB).

The Statements of Financial Positions are prepared 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 generally expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 2: Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Recognition/derecognition and initial measurement

The Schemes initially recognise financial assets and financial liabilities at fair value through profit or loss on the trade date, which is the date on which the Schemes become a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

(ii) Classification and subsequent measurement

On initial recognition, the Schemes classify financial assets as measured at amortised cost or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

All other financial assets of the Schemes are measured at fair value through profit or loss.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Schemes consider all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Schemes' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Schemes have determined that they have two business models:

- Held to collect business model: this includes cash and cash equivalents, term deposits, balances due from brokers and receivables from reverse sale and repurchase agreements. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity investments, investments in unlisted open-ended investment schemes, unlisted private equities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Financial assets are not reclassified subsequent to their initial recognition unless the Schemes were to change their business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 2: Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

Subsequent measurement of financial assets

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses arising from changes in the fair value of the financial assets are recognised as 'net gains/(losses) on financial instruments held at fair value through profit or loss' in the Statements of Comprehensive Income.

Debt securities, equity investments, investments in unlisted open ended investment schemes, unlisted private equities and derivative financial instruments are included in this category.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in 'Interest income from financial assets at amortised cost', foreign exchange gains and losses are recognised in 'Net foreign exchange loss' and impairment is recognised in 'Impairment losses on financial instruments at amortised cost' in the Statements of Comprehensive Income. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents, balances due from brokers, term deposit and receivables from reverse sale and repurchase agreements are included in this category.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss.

A financial liability is classified as at fair value through profit and loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit and loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at fair value through profit and loss:

- Held for trading: securities sold short and derivative financial instruments.

Financial liabilities at amortised cost:

- This includes balances due to brokers, payables under sale and repurchase agreements and redeemable shares.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 2: Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Schemes have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Schemes measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Schemes measure instruments quoted in an active market at a bid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Schemes use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Schemes recognise transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The following represent the basis for valuation of financial assets and liabilities designated at fair value through profit or loss for financial reporting purposes:

- **Interest Bearing Securities**

Interest Bearing Securities are fair valued using quoted 'bid' prices from an exchange, as at the close of business on the day the securities have been traded.

- **Listed Equities**

Shares that are listed or traded on an exchange are fair valued using quoted 'bid' prices from that exchange, as at the close of business on the day the trusts are being valued.

- **Units in Unlisted Managed Investment Schemes**

The fair value of units in unlisted schemes is the net asset value price per unit on the last day of the period, as determined by the Schemes' Responsible Entity. The net asset value price is calculated by deducting the liabilities of the Schemes from the gross assets of the Schemes, less an allowance for disposal costs.

Derivative financial instruments

Derivative financial instruments are classified as held at fair value through profit and loss, or held for trading in accordance with AASB 9 *Financial Instruments*, as the Schemes do not designate any derivatives as hedges in a hedging relationship. Derivatives are recognised at cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values for financial assets and liabilities are obtained from quoted market 'bid' prices in active markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The Schemes may hold the following derivatives:

- **Warrants**

An warrant is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy or sell at or by a set date or during a set period, a specific amount of financial instruments at a predetermined price. Gains or losses are recorded in the relevant period as a change in the fair value of investments in the Statement of Comprehensive Income.

- **Forward Foreign Currency Contracts**

Forward foreign currency contracts are acquired to hedge against possible adverse financial effects of movements in exchange rates and to obtain exposure to preferred currencies. These contracts are marked to market based on the rates of exchange on the reporting date.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 2: Summary of significant accounting policies (continued)

(c) Foreign currency translation

i) Functional and presentation currency

Items included in the Schemes' 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 Schemes compete for funds and is regulated. The Australian dollar is also the Schemes' presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are translated into Australian dollars at the foreign currency exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the foreign currency closing exchange rates at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that values were determined.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statements of Comprehensive Income. Foreign currency exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in net gains/(losses) on financial instruments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately as net gains/(losses) on foreign exchange in the Statements of Comprehensive Income.

(d) 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 Schemes at any time for cash based on the redemption price, which is equal to a proportionate share of the Schemes net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Schemes. 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 Schemes' 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 Schemes, and it is not a contract settled in the Schemes' 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 loss.

(e) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to a known amount 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 investment or other purposes. Bank overdrafts are shown in current liabilities on the Statements of Financial Position but are included within cash and cash equivalents for cash flow purposes.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 2: Summary of significant accounting policies (continued)

(f) Investment income and expenses

Interest income and expense from financial assets at amortised cost is calculated on an effective interest basis and includes interest from cash and cash equivalents and interest from term deposits. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend and listed unit trust income relating to exchange-traded equity instruments is recognised in the Statements of Comprehensive Income on the ex-dividend date with any related foreign withholding tax recorded as an expense. Dividends declared on securities sold short is accrued on the ex-dividend date and are recognised as a dividend in the Statements of Comprehensive Income. Income distributions from private equity investments and other managed investment schemes are recognised in the Statement of Comprehensive Income as trust distribution income when declared.

In some cases, the Schemes may receive or choose to receive dividends or distributions in the form of additional shares/units rather than cash. In such cases, the Schemes recognise the dividend or distribution income for the amount of the cash/dividend alternative with the corresponding debit treated as additional investments.

All expenses, including Responsible Entity fees and investment management fees, are recognised in the Statements of Comprehensive Income on an accrual basis.

(g) Distributions

Distributions are payable as set out in the Schemes' Product Disclosure Statements. Distributions are determined by the Responsible Entity in accordance with each Scheme's Constitution and applicable tax legislation. Distributable income includes realised capital gains on the disposal of financial instruments held at fair value through profit and loss and those held for trading. Unrealised gains and losses on these instruments recognised in net 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 in the Schemes to be offset against future realised capital gains. If capital gains exceed realised capital losses, the excess is distributed to unitholders.

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

The Schemes currently incur withholding tax imposed by certain countries on investment income. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

**STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

Note 2: Summary of significant accounting policies (continued)

(h) Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 2(f) Investment income and expenses. Amounts are generally received within 30 days of being recorded as receivables.

Amounts due from brokers which represent receivables that have been contracted for but not yet delivered by the end of the period are included in receivables. Trades are recorded on trade date and normally settled within two business days. Amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Schemes measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses subject to a significant increase in credit risk since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the loss allowance is measured on a 12-month expected credit loss basis. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a loss allowance should be recognised. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss 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 profit or loss.

(i) Payables

Payables includes liabilities and accrued expenses owing by the Schemes which are unpaid as at the reporting date. Amounts due to brokers which represent payables for securities purchased that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statements of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2021 under the Schemes' Constitutions.

(j) Applications and redemptions

Applications received for units in the Schemes are recorded net of any entry fees payable prior to the issue of units in the Schemes.

All redeemable units issued by the Schemes provide the investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the Product Disclosure Statements, the Schemes are contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Schemes on disposal of its assets required to fund the redemptions. As a result of the transaction cost factor, there will be a difference between the carrying amount of the net assets of the Schemes and the contractual amount payable to unitholders which is based on the redemption price.

(k) Unit prices

The unit price is based on unit price accounting outlined in the Schemes' Constitutions and Product Disclosure Statements.

(l) Goods and services tax (GST)

Management fees, custodial fees and other expenses are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included. 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.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 2: Summary of significant accounting policies (continued)

(m) Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the majority of the Schemes' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using other valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Where investments are held at Level 3, models use observable market 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 financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Note 9 Financial Instruments contains information about the estimation of fair values of financial instruments.

(n) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

(o) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Schemes have a legal right to offset the amounts and they intend either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit and loss.

(p) Changes in accounting policies

There were no changes in the accounting policies of the Schemes during the period.

(q) New and amended accounting standards adopted by the Scheme

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

(r) New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period and have not been early adopted by the Schemes. None of these are expected to have a material impact on the financial statements of the Schemes.

(s) Rounding

The Schemes are entities of the kind referred to in Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts for the Schemes, except Strategic Sustainable Global Bond Fund, have been rounded to the nearest thousand dollars in accordance with that Instrument.

(t) Comparatives

There is no comparative information presented for Strategic Sustainable Global Bond fund as it commenced operations on 21 June 2021. The fund registered with Australian Securities and Investments Commission on 6 May 2021.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

Note 3: Related party transactions

Responsible Entity

The Responsible Entity of the Strategic Funds is IOOF Investment Services Limited.

On 29 November 2019, IOOF Investment Management Limited ("the former Responsible Entity") (ABN 53 006 695 021) was replaced by IOOF Investment Services Limited ("the Responsible Entity") (ABN 80 007 350 405) as the Responsible Entity for the Schemes.

The immediate parent entity and the ultimate controlling entity of IOOF Investment Services Limited is IOOF Holdings Ltd.

Key management personnel

Key management personnel includes persons who are Directors of IOOF Investment Services Limited during this reporting period and up to the date of this report:

Ms D.G Allen (Chairman)
Ms M.A Nunan
Mr J. Selak

Responsible Entity fees and other transactions

	01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund		03. Strategic Global Property Fund	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Responsible Entity fees IOOF Investment Management Limited	-	1,724	-	1,538	-	1,131
Responsible Entity fees IOOF Investment Services Limited	2,871	2,036	3,736	2,260	2,521	1,430
Total Responsible Entity fees	2,871	3,760	3,736	3,798	2,521	2,561
Responsible Entity fees payable	277	274	295	336	240	199

	04. Strategic International Equity Fund		05. Strategic Sustainable Global Bond Fund
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$
Responsible Entity fees IOOF Investment Management Limited	-	2,172	-
Responsible Entity fees IOOF Investment Services Limited	5,074	2,886	1
Total Responsible Entity fees	5,074	5,058	1
Responsible Entity fees payable	485	408	-

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 3: Related party transactions (continued)

Under the terms of the Schemes' Constitutions, the Responsible Entity is entitled to receive maximum management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Schemes as follows:

01. Strategic Australian Equity Fund	0.14% per annum (PY: 0.16%)
02. Strategic Fixed Interest Fund	0.18% per annum (PY: 0.18%)
03. Strategic Global Property Fund	0.29% per annum (PY: 0.29%)
04. Strategic International Equity Fund	0.25% per annum (PY: 0.27%)
05. Strategic Sustainable Global Bond Fund	0% per annum

All related party transactions are conducted on normal commercial terms and conditions.

Related party schemes' unitholdings

IOOF Investment Services Limited, its related parties and other schemes managed by IOOF Investment Services Limited, held units in the Schemes as follows:

01. Strategic Australian Equity Fund

30 June 2021

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	835	699	0.59	50	186	605
Foundation Balanced Fund	1,018	891	0.75	36	163	763
Foundation Conservative Fund	151	114	0.10	7	44	102
IOOF Portfolio Service Superannuation Fund *	36,233	36,919	31.02	6,115	5,429	31,383

30 June 2020

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	895	835	0.64	135	195	591
Foundation Balanced Fund	1,016	1,018	0.78	144	142	698
Foundation Conservative Fund	160	151	0.11	19	28	103
IOOF Portfolio Service Superannuation Fund *	17,267	36,233	27.59	21,022	2,056	23,711

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service Superannuation Fund. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service Superannuation Fund.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 3: Related party transactions (continued)

02. Strategic Fixed Interest Fund

30 June 2021

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	516	501	0.25	26	41	172
Foundation Balanced Fund	1,583	1,585	0.80	71	69	545
Foundation Conservative Fund	790	768	0.39	51	73	267
Profile 45	150	148	0.07	5	7	50
Profile 55	3,303	2,870	1.44	128	561	997
Profile 65	440	404	0.20	22	58	141
Profile 75	2,586	2,352	1.18	139	373	808
Profile 85	111	89	0.04	7	29	31
Profile 95	463	453	0.23	46	56	157
Profile Diversified Fixed Interest	533	485	0.24	7	55	169
IOOF Portfolio Service Superannuation Fund *	61,230	74,009	37.17	19,982	7,203	25,136

30 June 2020

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	608	516	0.26	33	125	58
Foundation Balanced Fund	1,827	1,583	0.79	81	325	182
Foundation Conservative Fund	964	790	0.39	20	194	88
Profile 45	229	150	0.07	5	84	18
Profile 55	5,760	3,303	1.65	316	2,773	474
Profile 65	654	440	0.22	36	250	57
Profile 75	3,945	2,586	1.29	357	1,716	342
Profile 85	168	111	0.06	21	78	15
Profile 95	585	463	0.23	81	203	59
Profile Diversified Fixed Interest	590	533	0.27	18	75	58
IOOF Portfolio Service Superannuation Fund *	31,951	61,230	30.53	34,333	5,054	5,466

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service Superannuation Fund. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service Superannuation Fund.

**STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

Note 3: Related party transactions (continued)

03. Strategic Global Property Fund

30 June 2021

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	176	175	0.35	29	30	208
Foundation Balanced Fund	285	302	0.61	29	12	353
Foundation Conservative Fund	43	38	0.08	6	11	46
IOOF Portfolio Service Superannuation Fund *	12,482	16,493	33.24	4,924	913	19,027

30 June 2020

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	209	176	0.39	5	38	109
Foundation Balanced Fund	308	285	0.62	9	32	176
Foundation Conservative Fund	49	43	0.09	2	8	26
IOOF Portfolio Service Superannuation Fund *	6,024	12,482	27.31	7,090	632	7,554

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service Superannuation Fund. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service Superannuation Fund.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 3: Related party transactions (continued)

04. Strategic International Equity Fund

30 June 2021

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	534	429	0.45	10	115	681
Foundation Balanced Fund	553	483	0.51	10	80	762
Foundation Conservative Fund	85	63	0.07	2	24	100
IOOF Portfolio Service Superannuation Fund *	24,612	29,503	30.86	7,041	2,150	46,383

30 June 2020

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	644	534	0.56	27	137	141
Foundation Balanced Fund	647	553	0.58	15	109	145
Foundation Conservative Fund	101	85	0.09	10	26	22
IOOF Portfolio Service Superannuation Fund *	11,955	24,612	25.76	34,845	22,188	6,480

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service Superannuation Fund. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service Superannuation Fund.

05. Strategic Sustainable Global Bond Fund

30 June 2021

Unitholder	Number of units held opening \$	Number of units held closing \$	Interest held %	Number of units acquired \$	Number of units disposed \$	Distributions paid/payable by the Scheme \$
IOOF Holdings Ltd	-	10,000	100.00	10,000	-	-

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 3: Related party transactions (continued)

Key management personnel compensation

Key management personnel are remunerated by IOOF Service Co Pty Ltd, a related party of IOOF Investment Services Limited. Payments made from the Schemes to IOOF Investment Services Limited do not include any amount that is directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

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

Other transactions within the Schemes

Apart from those details disclosed in this Note, no key management personnel have entered into a material contract with the Schemes since the end of the previous financial period and there were no material contracts involving Directors interests subsisting at period end.

Key management personnel unitholdings

At 30 June 2021 and 30 June 2020, no Directors of the Responsible Entity held units in the Schemes.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 4: Financial assets held at fair value through profit or loss

	01. Strategic Australian Equity Fund Year ended		02. Strategic Fixed Interest Fund Year ended		03. Strategic Global Property Fund Year ended	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Held at fair value through profit or loss						
Derivatives	-	-	904	34,135	1,089	1,795
Equity securities	2,343,306	1,969,387	-	-	4,800	2,285
Interest bearing securities	-	-	1,979,851	2,019,032	-	-
Listed unit trusts	90,970	96,799	-	-	1,015,516	775,657
Total held at fair value through profit or loss	<u>2,434,276</u>	<u>2,066,186</u>	<u>1,980,755</u>	<u>2,053,167</u>	<u>1,021,405</u>	<u>779,737</u>
Total financial assets held at fair value through profit or loss	<u>2,434,276</u>	<u>2,066,186</u>	<u>1,980,755</u>	<u>2,053,167</u>	<u>1,021,405</u>	<u>779,737</u>
Comprising:						
Derivatives						
Forward foreign currency contracts	-	-	904	34,135	1,089	1,795
Total derivatives	<u>-</u>	<u>-</u>	<u>904</u>	<u>34,135</u>	<u>1,089</u>	<u>1,795</u>
Equity securities						
Equity securities	2,343,306	1,969,387	-	-	4,800	2,285
Total equity securities	<u>2,343,306</u>	<u>1,969,387</u>	<u>-</u>	<u>-</u>	<u>4,800</u>	<u>2,285</u>
Interest bearing securities						
Fixed interest securities	-	-	1,979,851	2,019,032	-	-
Total Interest bearing securities	<u>-</u>	<u>-</u>	<u>1,979,851</u>	<u>2,019,032</u>	<u>-</u>	<u>-</u>
Listed unit trusts						
Units in listed unit trusts	90,970	96,799	-	-	1,015,516	775,657
Total listed unit trusts	<u>90,970</u>	<u>96,799</u>	<u>-</u>	<u>-</u>	<u>1,015,516</u>	<u>775,657</u>
Total financial assets held at fair value through profit or loss	<u>2,434,276</u>	<u>2,066,186</u>	<u>1,980,755</u>	<u>2,053,167</u>	<u>1,021,405</u>	<u>779,737</u>

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 4: Financial assets held at fair value through profit or loss (contined)

	04. Strategic International Equity Fund		05. Strategic Sustainable Global Bond Fund
	Year ended		Period ended
	30 June 2021	30 June 2020	30 June 2021
	\$'000	\$'000	\$
Held at fair value through profit or loss			
Derivatives	2,562	3,845	-
Equity securities	2,420,123	1,805,348	-
Listed unit trusts	2,025	1,766	9,993
Total held at fair value through profit or loss	2,424,710	1,810,959	9,993
Total financial assets held at fair value through profit or loss	2,424,710	1,810,959	9,993
Comprising:			
Derivatives			
Forward foreign currency contracts	2,550	3,845	-
Warrants	12	-	-
Total derivatives	2,562	3,845	-
Equity securities			
Equity securities	2,420,123	1,805,348	-
Total equity securities	2,420,123	1,805,348	-
Listed unit trusts			
Units in listed trusts	2,025	1,766	9,993
Total listed unit trusts	2,025	1,766	9,993
Total financial assets held at fair value through profit or loss	2,424,710	1,810,959	9,993

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 5: Financial liabilities held at fair value through profit or loss

	01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund	
	Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Held at fair value through profit or loss				
Derivatives	-	162	18,453	3,508
Total held at fair value through profit or loss	-	162	18,453	3,508
Total financial liabilities held at fair value through profit or loss	-	162	18,453	3,508
Comprising:				
Derivatives				
Forward foreign currency contracts	-	-	18,453	3,508
Futures	-	162	-	-
Total derivatives	-	162	18,453	3,508
Total financial liabilities held at fair value through profit or loss	-	162	18,453	3,508
	03. Strategic Global Property Fund		04. Strategic International Equity Fund	
	Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Held at fair value through profit or loss				
Derivatives	12,864	2,427	28,419	4,999
Total held at fair value through profit or loss	12,864	2,427	28,419	4,999
Total financial liabilities held at fair value through profit or loss	12,864	2,427	28,419	4,999
Comprising:				
Derivatives				
Forward foreign currency contracts	12,864	2,427	28,419	4,999
Total derivatives	12,864	2,427	28,419	4,999
Total financial liabilities held at fair value through profit or loss	12,864	2,427	28,419	4,999

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 6: Distributions paid and payable

The distributions paid and payable during the period were as follows:

	01. Strategic Australian Equity Fund				02. Strategic Fixed Interest Fund			
	Year ended				Year ended			
	30 June 2021	30 June 2021	30 June 2020	30 June 2020	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
31 December paid	24,758	19.70	41,664	31.04	10,337	5.24	21,661	10.30
30 June final payable	77,006	64.69	52,247	39.79	58,072	29.17	-	-
	<u>101,764</u>	<u>84.39</u>	<u>93,911</u>	<u>70.83</u>	<u>68,409</u>	<u>34.41</u>	<u>21,661</u>	<u>10.30</u>
	03. Strategic Global Property Fund				04. Strategic International Equity Fund			
	Year ended				Year ended			
	30 June 2021	30 June 2021	30 June 2020	30 June 2020	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
31 December paid	7,330	15.17	2,959	6.76	9,437	9.79	-	-
30 June final payable	50,336	101.44	25,185	55.11	141,317	147.83	25,149	26.33
	<u>57,666</u>	<u>116.61</u>	<u>28,144</u>	<u>61.87</u>	<u>150,754</u>	<u>157.62</u>	<u>25,149</u>	<u>26.33</u>
	05. Strategic Sustainable Global Bond Fund							
	Period ended							
	30 June 2021	30 June 2021						
	\$	CPU						
30 June final payable	-	-						
	<u>-</u>	<u>-</u>						

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 7: 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 Schemes shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

The Schemes' distributions are classified as distributions in the Statements of Changes in Equity.

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

	01. Strategic Australian Equity Fund				02. Strategic Fixed Interest Fund			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No. of units		No. of units		No. of units		No. of units	
	'000	\$'000	'000	\$'000	'000	\$'000	'000	\$'000
Opening balance	131,313	2,066,157	135,921	2,512,923	200,569	2,074,948	209,209	2,163,357
Applications	76,786	1,524,226	28,989	519,885	113,176	1,172,960	52,755	546,396
Reinvested distributions	709	11,588	970	17,989	118	1,222	677	6,989
Redemptions	(89,776)	(1,761,561)	(34,567)	(613,694)	(114,767)	(1,188,819)	(62,072)	(641,790)
Distributions paid and payable	-	(101,764)	-	(93,911)	-	(68,409)	-	(21,661)
Total comprehensive income	-	639,293	-	(277,035)	-	11,604	-	21,657
Closing Balance	<u>119,032</u>	<u>2,377,939</u>	<u>131,313</u>	<u>2,066,157</u>	<u>199,096</u>	<u>2,003,506</u>	<u>200,569</u>	<u>2,074,948</u>
	03. Strategic Global Property Fund				04. Strategic International Equity Fund			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	No. of units		No. of units		No. of units		No. of units	
	'000	\$'000	'000	\$'000	'000	\$'000	'000	\$'000
Opening balance	45,701	767,326	44,825	886,872	95,529	1,808,630	94,308	1,876,026
Applications	31,982	628,657	10,982	213,822	61,393	1,498,701	64,002	1,255,699
Reinvested distributions	233	3,954	147	2,935	257	5,047	53	1,056
Redemptions	(28,297)	(563,740)	(10,253)	(207,562)	(61,585)	(1,504,969)	(62,834)	(1,239,152)
Distributions paid and payable	-	(57,666)	-	(28,144)	-	(150,754)	-	(25,149)
Total comprehensive income	-	204,971	-	(100,597)	-	653,869	-	(59,850)
Closing Balance	<u>49,619</u>	<u>983,502</u>	<u>45,701</u>	<u>767,326</u>	<u>95,594</u>	<u>2,310,524</u>	<u>95,529</u>	<u>1,808,630</u>

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 7: Net assets attributable to unitholders (continued)

	05. Strategic Sustainable Global Bond Fund	
	30 June 2021	
	No. of units	\$
Opening balance	-	-
Applications	10,000	10,000
Reinvested distributions	-	-
Redemptions	-	-
Distributions paid and payable	-	-
Total comprehensive income	-	(8)
Closing Balance	<u>10,000</u>	<u>9,992</u>

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual share in the Schemes and does not extend to a right to the underlying assets of the Schemes. There are no separate classes of units and each unit has the same rights attached to it as all other units of the Schemes. Units are issued and redeemed at the unitholder's option at prices based on the value of the Schemes' net assets at the time of issue/redemption less transaction costs.

Capital risk management

The Schemes manage their net assets attributable to unitholders (including distribution payable) as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

The Schemes monitor the level of daily applications and redemptions relative to the liquid assets in the Schemes. During the period, the Schemes' strategy, which was unchanged from last period, was to ensure that there was no significant exposure to illiquid or thinly traded financial instruments.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 8: Derivative financial instruments

In the normal course of business, the Schemes may enter into transactions in various derivative financial instruments. 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 variables.

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 similar responses to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures, interest rate swaps and options. Derivatives are considered to be part of the investment process. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- 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.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio occurs if the level of exposure to the markets exceeds the underlying value of the Schemes.

The Schemes' derivative financial instruments at reporting date are detailed below:

	01. Strategic Australian Equity Fund					
	30 June 2021			30 June 2020		
	Contract/ notional value	Fair Value		Contract/ notional value	Fair Value	
	\$'000	Assets \$'000	Liabilities \$'000	\$'000	Assets \$'000	Liabilities \$'000
Futures	-	-	-	38,152	-	162
Total derivative instruments	-	-	-	38,152	-	162

	02. Strategic Fixed Interest Fund					
	30 June 2021			30 June 2020		
	Contract/ notional value	Fair Value		Contract/ notional value	Fair Value	
	\$'000	Assets \$'000	Liabilities \$'000	\$'000	Assets \$'000	Liabilities \$'000
Forward foreign currency contracts	(17,549)	904	18,453	30,628	34,135	3,508
Total derivative instruments	(17,549)	904	18,453	30,628	34,135	3,508

	03. Strategic Global Property Fund					
	30 June 2021			30 June 2020		
	Contract/ notional value	Fair Value		Contract/ notional value	Fair Value	
	\$'000	Assets \$'000	Liabilities \$'000	\$'000	Assets \$'000	Liabilities \$'000
Forward foreign currency contracts	(11,775)	1,089	12,864	(631)	1,795	2,427
Total derivative instruments	(11,775)	1,089	12,864	(631)	1,795	2,427

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 8: Derivative financial instruments (continued)

	04. Strategic International Equity Fund					
	30 June 2021			30 June 2020		
	Contract/ notional value \$'000	Fair Value		Contract/ notional value \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000		Assets \$'000	Liabilities \$'000
Forward foreign currency contracts	(25,869)	2,550	28,419	(1,154)	3,845	4,999
Total derivative instruments	(25,869)	2,550	28,419	(1,154)	3,845	4,999

Note 9: Financial Instruments

Carrying amount versus fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts in the Statements of Financial Position.

Fair value hierarchy

The Schemes' accounting policy on fair value measurements is discussed in Note 2 Summary of significant accounting policies.

The Schemes measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Schemes can access at measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	01. Strategic Australian Equity Fund							
	30 June 2021				30 June 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Equity securities	2,343,249	-	57	2,343,306	1,969,369	-	18	1,969,387
Units in listed unit trusts	90,970	-	-	90,970	96,799	-	-	96,799
	2,434,219	-	57	2,434,276	2,066,168	-	18	2,066,186
Financial liabilities held for trading								
Futures	-	-	-	-	-	162	-	162
	-	-	-	-	-	162	-	162

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 9: Financial Instruments (continued)

02. Strategic Fixed Interest Fund

	30 June 2021				30 June 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Interest bearing securities	-	1,979,851	-	1,979,851	-	2,019,032	-	2,019,032
Forward foreign currency contracts	-	904	-	904	-	34,135	-	34,135
	-	1,980,755	-	1,980,755	-	2,053,167	-	2,053,167
Financial liabilities held for trading								
Forward foreign currency contracts	-	18,453	-	18,453	-	3,508	-	3,508
	-	18,453	-	18,453	-	3,508	-	3,508

03. Strategic Global Property Fund

	30 June 2021				30 June 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Equity securities	4,732	-	68	4,800	2,285	-	-	2,285
Units in listed unit trusts	1,015,498	-	18	1,015,516	775,657	-	-	775,657
Forward foreign currency contracts	-	1,089	-	1,089	-	1,795	-	1,795
	1,020,230	1,089	86	1,021,405	777,942	1,795	-	779,737
Financial liabilities held for trading								
Forward foreign currency contracts	-	12,864	-	12,864	-	2,427	-	2,427
	-	12,864	-	12,864	-	2,427	-	2,427

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 9: Financial Instruments (continued)

04. Strategic International Equity Fund

	30 June 2021				30 June 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Equity securities	2,419,794	-	329	2,420,123	1,805,283	-	65	1,805,348
Units in listed unit trusts	2,025	-	-	2,025	1,766	-	-	1,766
Forward foreign currency contracts	-	2,550	-	2,550	-	3,845	-	3,845
Warrants		12		12				
	<u>2,421,819</u>	<u>2,562</u>	<u>329</u>	<u>2,424,710</u>	<u>1,807,049</u>	<u>3,845</u>	<u>65</u>	<u>1,810,959</u>
Financial liabilities held for trading								
Forward foreign currency contracts	-	28,419	-	28,419	-	4,999	-	4,999
	<u>-</u>	<u>28,419</u>	<u>-</u>	<u>28,419</u>	<u>-</u>	<u>4,999</u>	<u>-</u>	<u>4,999</u>

05. Strategic Sustainable Global Bond Fund

	30 June 2021			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Units in listed unit trusts	9,993	-	-	9,993
	<u>9,993</u>	<u>-</u>	<u>-</u>	<u>9,993</u>

The valuation of unlisted unit trusts included in Level 2 is based on the daily net asset value of the managed investment schemes provided by the investment manager.

Level 2 fair values for simple, over the counter derivative financial instruments are based on broker quotes. These quotes are tested for reasonableness by discounting expected future cash flows using the market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include an adjustment to take account of the credit risk of the Schemes and counterparty where appropriate.

The Schemes recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 or Level 2 to Level 3 of the fair value hierarchy during the financial year ended 30 June 2021. Transfers between Level 1 and Level 3 are disclosed in Movement in Level 3 securities.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 9: Financial Instruments (continued)

Movement in level 3 instruments

During the year a number of the Schemes' investments in equities were reclassified from Level 1 to Level 3 due to stale prices or delisting from the stock exchange.

The following table presents the movement in Level 3 instruments for the year ended 30 June 2021 and 30 June 2020 by class of financial instrument:

	01. Strategic Australian Equity Fund		03. Strategic Global Property Fund	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
	Equity Securities		Equity Securities	
Opening balance	18	18	-	-
Purchases	-	-	-	-
Sales	-	-	-	-
Transfer out of Level 3	-	-	-	-
Transfer into Level 3	40	-	21	-
Gains and losses recognised in profit or loss	(1)	-	65	-
Closing balance	<u>57</u>	<u>18</u>	<u>86</u>	<u>-</u>
	04. Strategic International Equity Fund			
	2021 \$'000	2020 \$'000		
	Equity Securities			
Opening balance	65	65		
Purchases	-	-		
Sales	-	-		
Transfer out of Level 3	-	-		
Transfer into Level 3	326	-		
Gains and losses recognised in profit or loss	(62)	-		
Closing balance	<u>329</u>	<u>65</u>		

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 9: Financial Instruments (continued)

Significant unobservable inputs used in measuring fair value

01. Strategic Australian Equity Fund

30 June 2021	Fair Value \$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	57	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>57</u>			
30 June 2020	Fair Value \$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	18	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>18</u>			

03. Strategic Global Property Fund

30 June 2021	Fair Value \$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	68	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
Units in listed unit trusts	18	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>86</u>			
30 June 2020	Fair Value \$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	-	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>-</u>			

04. Strategic International Equity Fund

30 June 2021	Fair Value \$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	329	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>329</u>			
30 June 2020	Fair Value \$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	65	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>65</u>			

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management

Strategy in using financial instruments

Each Scheme is exposed to a variety of financial risks: credit risk, liquidity risk, market risk (including price risk, foreign exchange risk and interest rate risk) arising from the financial instruments they hold.

As a result of the economic downturn and more specifically COVID-19, the Schemes increased their overall risk management practices. The Schemes incorporated a greater focus on asset allocation and increased their monitoring of liquidity. This was achieved via expanded supervision and reporting of member/unit holder redemptions to avoid any significant volatility in cashflows.

The Schemes' overall risk management program focuses on ensuring compliance with the Schemes' governing documents and seeks to maximise the returns derived for the level of risk to which the Schemes are exposed. As part of their risk management strategy, the Schemes may also utilise a range of derivative financial instruments to manage certain risk exposures.

The Responsible Entity via the Investment Manager assesses the risk profile before entering into economic hedge transactions. The effectiveness of all hedge relationships is monitored by the Investment Manager (based on economic consideration rather than IFRS hedge accounting conditions) on a daily basis.

More details about risk management policies employed by the Schemes to manage financial risks are discussed below.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Schemes, resulting in a financial loss to the Schemes.

The Schemes are exposed to concentrations of risk when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring that transactions are undertaken with a large number of counterparties (either directly or indirectly).

The Schemes' Responsible Entity also manages credit risk by ensuring that a diversified portfolio of securities is held and that the Schemes do not invest in securities that are considered to be rated sub investment grade by a recognised rating agency.

Other than Strategic Fixed Interest Fund, the Schemes had no significant concentrations of credit risk exposure to counterparties at 30 June 2021 and 30 June 2020.

Strategic Fixed Interest Fund has a concentrations of credit risk exposure to counterparties in the banking sector. The total exposure to the banking sector is \$1,979,851,000 (30 June 2020: \$2,019,031,000). No individual counterparty has exposure of more than 10% of total Scheme's assets.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

Each Scheme determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2021 and 30 June 2020, all receivables, amounts due from brokers, cash and short-term deposits are held with reputable counterparties and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme.

As at 30 June 2021 and 30 June 2020, there are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

The credit quality of financial assets is managed by the Scheme using Standard and Poor's rating categories, in accordance with the investment mandate of the Scheme. The Scheme's exposure in each grade is monitored on a continuous basis. The review process allows the Responsible Entity to assess the potential loss as a result of risks and take corrective action. The table below shows the credit quality of the Scheme's debt securities.

Debt securities Rating	02. Strategic Fixed Interest Fund	
	30 June 2021	30 June 2020
	%	%
AAA	32.87	19.85
AA+	12.54	10.76
AA	10.01	11.19
AA-	10.00	12.03
A+	12.77	11.62
A	3.26	4.05
A-	2.68	5.04
BBB+	4.97	7.75
BBB	3.34	4.79
BBB-	1.68	2.83
NR	5.88	10.09
Total	<u>100.00</u>	<u>100.00</u>

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

Liquidity and cash flow risk

Liquidity risk is the risk that the Schemes will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Schemes. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate.

The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments;
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

The table below analyses the Schemes' financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At 30 June 2021	01. Strategic Australian Equity Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	77,006	-	-	-
Other payables	3,571	-	-	-
Net assets attributable to unitholders	2,377,939	-	-	-
Derivative financial liabilities	-	-	-	-
Contractual cashflows	2,458,516	-	-	-
At 30 June 2020	01. Strategic Australian Equity Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	52,247	-	-	-
Other payables	7,100	-	-	-
Net assets attributable to unitholders	2,066,157	-	-	-
Derivative financial liabilities	-	162	-	-
Contractual cashflows	2,125,504	162	-	-

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

At 30 June 2021	02. Strategic Fixed Interest Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	58,072	-	-	-
Other payables	7,250	-	-	-
Net assets attributable to unitholders	2,003,506	-	-	-
Derivative financial liabilities	17,342	1,111	-	-
Contractual cashflows	<u>2,086,170</u>	<u>1,111</u>	-	-
At 30 June 2020	02. Strategic Fixed Interest Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	-	-	-	-
Other payables	38,564	-	-	-
Net assets attributable to unitholders	2,074,948	-	-	-
Derivative financial liabilities	548	2,960	-	-
Contractual cashflows	<u>2,114,060</u>	<u>2,960</u>	-	-
At 30 June 2021	03. Strategic Global Property Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	50,336	-	-	-
Other payables	1,719	-	-	-
Net assets attributable to unitholders	983,502	-	-	-
Derivative financial liabilities	12,864	-	-	-
Contractual cashflows	<u>1,048,421</u>	-	-	-
At 30 June 2020	03. Strategic Global Property Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	25,185	-	-	-
Other payables	1,078	-	-	-
Net assets attributable to unitholders	767,326	-	-	-
Derivative financial liabilities	1,390	1,037	-	-
Contractual cashflows	<u>794,979</u>	<u>1,037</u>	-	-

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

30 June 2021	04. Strategic International Equity Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	141,317	-	-	-
Other payables	2,772	-	-	-
Net assets attributable to unitholders	2,310,524	-	-	-
Derivative financial liabilities	28,419	-	-	-
Contractual cashflows	<u>2,483,032</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2020	04. Strategic International Equity Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Non-derivative liabilities				
Distributions payable	25,149	-	-	-
Other payables	2,253	-	-	-
Net assets attributable to unitholders	1,808,630	-	-	-
Derivative financial liabilities	4,999	-	-	-
Contractual cashflows	<u>1,841,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2021	05. Strategic Sustainable Global Bond Fund			
	Less than 1 month \$	1-6 months \$	6-12 months \$	More than 12 months \$
Non-derivative liabilities				
Distributions payable	-	-	-	-
Other payables	1	-	-	-
Net assets attributable to unitholders	9,992	-	-	-
Derivative financial liabilities	-	-	-	-
Contractual cashflows	<u>9,993</u>	<u>-</u>	<u>-</u>	<u>-</u>

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates, equity prices and credit spreads will affect the Schemes' income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Schemes' Responsible Entity aims to reduce market risk through analysis of the economic cycle and broad research of companies and markets, which may impact the Schemes' investments. In addition, the Responsible Entity, within asset allocation ranges, reduces exposure to sectors they perceive to be overvalued in favour of sectors which they believe have the prospect of better relative returns.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' market risk on a daily basis and the Directors of the Responsible Entity review it on a quarterly basis.

The Strategic Australian Equity Fund has concentrations of market risk exposure which constitute a significant proportion of total assets in financial sector (2021: \$951,336,000, 2020: \$731,179,000) and material sector (2021: \$499,325,000, 2020: \$450,491,000).

The Strategic Global Property Fund has concentrations of market risk exposure which constitute a significant proportion of total assets in unlisted unit trust (2021: \$1,015,887,000, 2020: \$775,657,000).

The Strategic International Equity Fund has concentrations of market risk exposure which constitute a significant proportion of total assets in financial sector (2021: \$422,935,000, 2020: \$304,724,000), consumer discretionary (2021: \$329,029,000, 2020: \$232,276,000), industrials (2021: \$313,990,000, 2020: \$232,022,000), health care (2021: \$239,757,000, 2020: \$195,564,000) and information technology (2021: \$388,941,000, 2020: \$316,605,000).

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible change in market factors, with all other variables held constant, is indicated in the table below.

	01. Strategic Australian Equity Fund							
	30 June 2021				30 June 2020			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Market Index	%	%	\$'000	\$'000	%	%	\$'000	\$'000
S&P/ASX 300 Ex-A-REIT	25	(13)	608,569	(316,456)	25	(13)	516,506	(268,583)

	02. Strategic Fixed Interest Fund							
	30 June 2021				30 June 2020			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Market Index	%	%	\$'000	\$'000	%	%	\$'000	\$'000
Bloomberg AusBond Bank Bill Index	6	(5)	117,738	(98,115)	5	(3)	104,533	(63,539)

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

03. Strategic Global Property Fund

	30 June 2021				30 June 2020			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Market Index	%	%	\$'000	\$'000	%	%	\$'000	\$'000
Property Composite - S&P Developed REIT	21	(14)	211,794	(141,196)	25	(9)	178,781	(69,958)

04. Strategic International Equity Fund

	30 June 2021				30 June 2020			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Market Index	%	%	\$'000	\$'000	%	%	\$'000	\$'000
MSCI World Ex-Australia	19	(12)	455,295	(287,555)	22	(13)	395,505	(240,193)

05. Strategic Sustainable Global Bond Fund

	30 June 2021			
	Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease
Market Index	%	%	\$	\$
Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD)	-	-	-	-

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The Responsible Entity establishes interest rate management strategies to manage the risk of the Schemes. This includes managing exposures around the benchmark and hedging exposures through the use of derivatives.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' overall interest sensitivity position on a daily basis.

Other than Strategic Fixed Interest Fund, interest rate risk is not considered to be significant to the Schemes except in relation to investments in interest bearing securities. However, the Strategic Global Property Fund, Strategic Australian Equity Fund and Strategic International Equity Fund Schemes do hold cash for liquidity and transactional purposes and this cash is held at floating rates of interest.

The interest rate risk disclosures have been prepared on the basis of the Schemes' direct investment and not on a lookthrough basis for investments held indirectly through unit trusts. Consequently, the disclosures of interest rate risk in the note may not represent the true interest rate risk profile of the Scheme where the Scheme has significant investments in unit trusts which also have exposure to the interest rate markets.

The table below summarises the Strategic Fixed Interest Fund Scheme's exposure to interest rate risk at 30 June 2021 and 30 June 2020.

	02. Strategic Fixed Interest Fund				Total
	Fixed interest rate				
	Floating	Within	1 to 5	Non - Interest	
	interest rate	1 year	years	bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021					
Assets					
Cash and cash equivalents	83,113	-	-	-	83,113
Receivables	-	-	-	23,413	23,413
Financial assets held at fair value through profit or loss	-	922,056	1,057,795	904	1,980,755
Total assets	83,113	922,056	1,057,795	24,317	2,087,281
Liabilities					
Financial liabilities held at fair value through profit or loss	-	-	-	18,453	18,453
Distributions payable	-	-	-	58,072	58,072
Other payables	-	-	-	7,250	7,250
Total liabilities	-	-	-	83,775	83,775
Net exposure	83,113	922,056	1,057,795	(59,458)	2,003,506

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

Interest rate risk (continued)

	02. Strategic Fixed Interest Fund				Total \$'000
	Floating interest rate \$'000	Fixed interest rate Within 1 year \$'000	1 to 5 years \$'000	Non - Interest bearing \$'000	
30 June 2020					
Assets					
Cash and cash equivalents	56,077	-	-	-	56,077
Receivables	-	-	-	7,776	7,776
Financial assets held at fair value through profit or loss	-	633,927	1,385,105	34,135	2,053,167
Total assets	56,077	633,927	1,385,105	41,911	2,117,020
Liabilities					
Financial liabilities held at fair value through profit or loss	-	-	-	3,508	3,508
Other payables	-	-	-	38,564	38,564
Total liabilities	-	-	-	42,072	42,072
Net exposure	56,077	633,927	1,385,105	(161)	2,074,948

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible change in interest rates with all other variables held constant is indicated in the table below:

	Change in interest rate		Effect on net assets attributable to unitholders and profit or loss	
	Increase basis point	Decrease basis point	Decrease \$'000	Increase \$'000
30 June 2021	50	(50)	93	(93)
30 June 2020	149	(149)	337	(337)

STRATEGIC FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

Foreign exchange risk

Certain Schemes invest in financial instruments and enter into transactions that are denominated in currencies other than their functional currency. Consequently, the Schemes are exposed to risk that the exchange rate of their currency relative to other foreign currency may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Schemes' financial assets or liabilities denominated in currencies other than the Australian dollar. This risk can either be partially or fully offset by hedging using forward exchange contracts or appropriate derivative instruments.

When investing in international shares, the Responsible Entity generally leaves the currency exposure unhedged. However, the underlying international shares may be hedged to reduce the impact of any adverse movement in the Australian dollar. This approach to hedging is strategic rather than tactical and occurs relatively infrequently.

When investing in international property securities, the Responsible Entity generally hedges the Schemes' assets to reduce the impact of any adverse movement in the Australian dollar. This means that from time to time, the Schemes may accept unhedged or over hedged exposures.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' currency position on a continuous basis.

The foreign exchange risk disclosures have been prepared on the basis of the Schemes' direct investments and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosures of currency risk in the Note may not represent the true currency risk profile of the Schemes where the Schemes have significant investments in feeder trusts which also have exposure to the foreign currency markets.

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

The table below summarises the Schemes' exposure to foreign exchange risks.

	02. Strategic Fixed Interest Fund							
	Australian Dollar	US Dollar	Euro	British Pound	Canadian Dollar	Swedish Krona	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2021								
Assets								
Cash and cash equivalents	81,666	31	812	130	461	-	13	83,113
Receivables	7,488	-	15,925	-	-	-	-	23,413
Financial assets held at fair value through profit or loss	526,539	230,673	517,182	321,261	306,649	63,451	15,000	1,980,755
Total assets	615,693	230,704	533,919	321,391	307,110	63,451	15,013	2,087,281
Liabilities								
Financial liabilities held at fair value through profit or loss	39	5,508	6,665	454	4,745	1,042	-	18,453
Distributions payable	58,072	-	-	-	-	-	-	58,072
Other payables	7,250	-	-	-	-	-	-	7,250
Total liabilities(excluding net assets attributable to unitholders)	65,361	5,508	6,665	454	4,745	1,042	-	83,775
Net assets attributable to unitholders	550,332	225,196	527,254	320,937	302,365	62,409	15,013	2,003,506
	Australian Dollar	US Dollar	Euro	British Pound	Canadian Dollar	Swedish Krona	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2020								
Assets								
Cash and cash equivalents	55,025	165	823	38	11	1	14	56,077
Receivables	7,776	-	-	-	-	-	-	7,776
Financial assets held at fair value through profit or loss	465,723	466,461	714,061	193,611	111,089	81,191	21,031	2,053,167
Total assets	528,524	466,626	714,884	193,649	111,100	81,192	21,045	2,117,020
Liabilities								
Financial liabilities held at fair value through profit or loss	675	2,482	-	-	63	-	288	3,508
Distributions payable	4,419	-	22,076	12,069	-	-	-	38,564
Total liabilities (excluding net assets attributable to unitholders)	5,094	2,482	22,076	12,069	63	-	288	38,564
Net assets attributable to unitholders	523,430	464,144	692,808	181,580	111,037	81,192	20,757	2,074,948

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

	03. Strategic Global Property Fund							
	Australian Dollar	US Dollar	Euro	British Pound	Japanese Yen	Singapore Dollar	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2021								
Assets								
Cash and cash equivalents	9,453	10,536	3	7	3	253	324	20,579
Receivables	2,021	3,191	281	254	481	10	199	6,437
Financial assets held at fair value through profit or loss	167,372	650,563	34,117	37,409	67,998	23,493	40,453	1,021,405
Total assets	178,846	664,290	34,401	37,670	68,482	23,756	40,976	1,048,421
Liabilities								
Financial liabilities held at fair value through profit or loss	14	12,088	47	125	590	-	-	12,864
Distributions payable	50,336	-	-	-	-	-	-	50,336
Payables	1,719	-	-	-	-	-	-	1,719
Total liabilities (excluding net assets attributable to unitholders)	52,069	12,088	47	125	590	-	-	64,919
Net assets attributable to unitholders	126,777	652,202	34,354	37,545	67,892	23,756	40,976	983,502
	Australian Dollar	US Dollar	Euro	British Pound	Japanese Yen	Singapore Dollar	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2020								
Assets								
Cash and cash equivalents	6,187	67	7	36	3	30	4,729	11,059
Receivables	1,508	2,827	222	141	508	14	-	5,220
Financial assets held at fair value through profit or loss	119,589	502,908	26,278	26,376	54,658	19,334	30,594	779,737
Total assets	127,284	505,802	26,507	26,553	55,169	19,378	35,323	796,016
Liabilities								
Financial liabilities held at fair value through profit or loss	540	1,677	38	7	165	-	-	2,427
Distributions payable	25,185	-	-	-	-	-	-	25,185
Payables	987	-	-	-	8	83	-	1,078
Total liabilities (excluding net assets attributable to unitholders)	26,712	1,677	38	7	173	83	-	28,690
Net assets attributable to unitholders	100,572	504,125	26,469	26,546	54,996	19,295	35,323	767,326

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

	04. Strategic International Equity Fund							
	Australian Dollar	US Dollar	Euro	Japanese Yen	Hong Kong Dollar	British Pound	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2021								
Assets								
Cash and cash equivalents	15,625	29,104	40	653	562	2,779	3,479	52,242
Receivables	-	1,166	1,822	211	589	311	1,981	6,080
Financial assets held at fair value through profit or loss	198	1,553,657	217,134	166,587	100,772	91,542	294,820	2,424,710
Total assets	15,823	1,583,927	218,996	167,451	101,923	94,632	300,280	2,483,032
Liabilities								
Financial liabilities held at fair value through profit or loss	-	26,065	594	1,452	-	308	-	28,419
Distributions payable	141,317	-	-	-	-	-	-	141,317
Payables	2,754	-	-	-	-	-	18	2,772
Total liabilities (excluding net assets attributable to unitholders)	144,071	26,065	594	1,452	-	308	18	172,508
Net assets attributable to unitholders	(128,248)	1,557,862	218,402	165,999	101,923	94,324	300,262	2,310,524
	Australian Dollar	US Dollar	Euro	Japanese Yen	Canadian Dollar	British Pound	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2020								
Assets								
Cash and cash equivalents	14,152	928	67	530	29	22	9,502	25,230
Receivables	-	1,033	1,457	179	130	145	1,898	4,842
Financial assets held at fair value through profit or loss	3,827	1,142,962	165,359	138,586	47,134	67,765	245,326	1,810,959
Total assets	17,979	1,144,923	166,883	139,295	47,293	67,932	256,726	1,841,031
Liabilities								
Financial liabilities held at fair value through profit or loss	1,027	3,108	489	358	-	17	-	4,999
Distributions payable	25,149	-	-	-	-	-	-	25,149
Payables	2,252	-	1	-	-	-	-	2,253
Total liabilities (excluding net assets attributable to unitholders)	28,428	3,108	490	358	-	17	-	32,401
Net assets attributable to unitholders	(10,449)	1,141,815	166,393	138,937	47,293	67,915	256,726	1,808,630

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible movement of the currency rate against the Australian dollar with all other variables held constant is indicated in the table below:

	02. Strategic Fixed Interest Fund									
	30 June 2021					30 June 2020				
	AUD equivalent in exposure by currency	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss		AUD equivalent in exposure by currency	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss	
		Increase	Decrease	Increase	Decrease		Increase	Decrease	Increase	Decrease
Currency	\$'000	%	%	\$'000	\$'000	\$'000	%	%	\$'000	\$'000
US Dollars	225,196	10	(10)	22,520	(22,520)	464,144	10	(10)	46,414	(46,414)
Euro	527,254	10	(10)	52,725	(52,725)	692,808	10	(10)	69,281	(69,281)
British Pound	320,937	10	(10)	32,094	(32,094)	181,580	10	(10)	18,158	(18,158)
Canadian Dollar	302,365	10	(10)	30,237	(30,237)	111,037	10	(10)	11,104	(11,104)
Swedish Krona	62,409	10	(10)	6,241	(6,241)	81,192	10	(10)	8,119	(8,119)

	03. Strategic Global Property Fund									
	30 June 2021					30 June 2020				
	AUD equivalent in exposure by currency	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss		AUD equivalent in exposure by currency	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss	
		Increase	Decrease	Increase	Decrease		Increase	Decrease	Increase	Decrease
Currency	\$'000	%	%	\$'000	\$'000	\$'000	%	%	\$'000	\$'000
US Dollars	652,202	10	(10)	65,220	(65,220)	504,125	10	(10)	50,413	(50,413)
Euro	34,354	10	(10)	3,435	(3,435)	26,469	10	(10)	2,647	(2,647)
British Pound	37,545	10	(10)	3,755	(3,755)	26,546	10	(10)	2,655	(2,655)
Japanese Yen	67,892	10	(10)	6,789	(6,789)	54,996	10	(10)	5,500	(5,500)
Singapore Dollar	23,756	10	(10)	2,376	(2,376)	19,295	10	(10)	1,930	(1,930)

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 10: Financial risk management (continued)

04. Strategic International Equity Fund										
		30 June 2021				30 June 2020				
Currency	AUD equivalent in exposure by currency \$'000	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss		AUD equivalent in exposure by currency \$'000	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss	
		Increase %	Decrease %	Increase \$'000	Decrease \$'000		Increase %	Decrease %	Increase \$'000	Decrease \$'000
US Dollars	1,557,862	10	(10)	155,786	(155,786)	1,141,815	10	(10)	114,182	(114,182)
Euro	218,402	10	(10)	21,840	(21,840)	166,393	10	(10)	16,639	(16,639)
Japanese Yen	165,999	10	(10)	16,600	(16,600)	138,937	10	(10)	13,894	(13,894)
Hong Kong Dollar	101,923	10	(10)	10,192	(10,192)	-	10	(10)	-	-
British Pound	94,324	10	(10)	9,432	(9,432)	67,915	10	(10)	6,792	(6,792)

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 11: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

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

	01. Strategic Australian Equity Fund		02. Strategic Fixed Interest Fund		03. Strategic Global Property Fund	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year	639,293	(277,035)	11,604	21,657	204,971	(100,597)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(572,837)	363,205	8,670	6,556	(181,712)	127,180
Proceeds from the sale of financial instruments held at fair value through profit or loss	360,324	348,463	1,227,669	2,460,883	76,510	118,553
Payments for the purchase of financial instruments held at fair value through profit or loss	(151,598)	(257,598)	(1,194,103)	(2,352,573)	(124,107)	(128,034)
Net (gains)/losses on foreign exchange	2	-	-	669	242	(312)
Investment income re-invested	(6,201)	(16,687)	(630)	-	(2,137)	(1,340)
Changes in assets and liabilities:						
Net change in margin accounts	3,961	(1,725)	-	-	-	-
(Increase)/decrease in receivables	(1,785)	5,321	38	2,423	(1,158)	500
Increase/(decrease) in payables	(248)	(49)	(228)	2	2	(1,140)
Net cash inflow/(outflow) from operating activities	270,911	163,895	53,020	139,617	(27,389)	14,810
(b) Non-cash financing and operating activities						
Distributions re-invested	11,588	17,989	1,222	6,989	3,954	2,935
Participation in reinvestment plans	6,201	16,687	630	-	2,137	1,340
Proceeds from application for units	1,441,229	318,762	889,393	265,823	499,909	113,006
Payments for redemption of units	(1,441,229)	(318,762)	(889,393)	(265,823)	(499,909)	(113,006)
	17,789	34,676	1,852	6,989	6,091	4,275

Non-distributable income 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 (i.e. taxable).

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 11: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

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

	04. Strategic International Equity Fund		05. Strategic Sustainable Global Bond Fund
	Year ended		Period ended
	30 June 2021	30 June 2020	30 June 2021
	\$'000	\$'000	\$
Profit/(loss) for the year	653,869	(59,852)	(8)
Proceeds from the sale of financial instruments held at fair value through profit or loss	275,480	292,066	-
Payments for the purchase of financial instruments held at fair value through profit or loss	(241,328)	(391,540)	(10,000)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(625,421)	91,294	7
Net (gains)/losses on foreign exchange	1,322	(2,337)	-
Investment income re-invested	(561)	(307)	-
Changes in assets and liabilities:			
Net change in margin accounts	-	3,661	-
(Increase)/decrease in receivables	(787)	403	-
Increase/(decrease) in payables	(88)	10	1
Net cash inflow/(outflow) from operating activities	62,486	(66,602)	(10,000)
(b) Non-cash financing and operating activities			
Distributions re-invested	5,047	1,056	-
Participation in reinvestment plans	561	307	-
Proceeds from application for units	1,306,312,345	1,043,802	-
Payments for redemption of units	(1,306,312,345)	(1,043,802)	-
	5,608	1,363	-

Non-distributable income 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 (i.e. taxable).

STRATEGIC FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note 13: Involvement with unconsolidated structured entities

Investments in unlisted unit trusts, which are considered unconsolidated structured entities, are disclosed in Note 3 Related party transactions. The maximum exposure to loss in the unconsolidated structured entities is the fair value disclosed in the Note 3 Related party transactions. The fair value of the exposure will change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed of.

The investments of the Schemes are managed in accordance with the investment mandates with the respective underlying Investment Managers. The investment decisions of the Schemes are based on the analysis conducted by the Investment Manager. The return of the Schemes are exposed to the variability of the performance of the underlying investment strategies. The underlying Investment Managers receive a management fee for undertaking the management of these investments.

As at 30 June 2021 and 30 June 2020 the Schemes have not imposed any significant restrictions (e.g. borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of any unconsolidated structured entity to transfer funds to the Schemes in the form of dividends or to repay loans or advances made to any unconsolidated structured entity by the Schemes.

As at 30 June 2021 and 30 June 2020 the Schemes do not have any current commitments or intentions to provide financial or other support to any unconsolidated structured entity, including commitments or intentions to assist the structured entity in obtaining financial support.

Note 14: Contingent assets and liabilities and Capital commitments

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

Note 15: Likely developments and expected results of operations

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

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

Further information on likely developments in the operation of the Schemes and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Schemes.

Note 16: Events subsequent to reporting date

No significant event has occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the Statements of Financial Position as at 30 June 2021 or on the results and cash flows of the Schemes for the period ended on that date.