

Advance Investment Fund No.4

ARSN 115 641 800

**Annual report - for the period 1 July 2018 to
31 January 2019**

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These financial statements cover Advance Investment Fund No.4 as an individual entity.

The Responsible Entity of Advance Investment Fund No.4 is Advance Asset Management Limited (ABN 98 002 538 329). The Responsible Entity's registered office is Level 18, 275 Kent Street, Sydney, NSW 2000.

Directors' report

The directors of Advance Asset Management Limited, the Responsible Entity of the Advance Investment Fund No.4 ("the Fund"), present their report together with the Fund's financial statements for the period 1 July 2018 to 31 January 2019.

Principal activities

On 7 December 2018 the Responsible Entity resolved to terminate the Fund. The last unitholders' units were redeemed effective 10 December 2018. Final debts were settled on 31 January 2019 completing the termination of the Fund. As such, the financial statements have not been prepared on a going concern basis. There is no impact on the financial position of the Fund.

During the period, the Fund invested in equities in accordance with the provisions of the governing documents. Through these investments, the Fund gained exposure to Australian equities.

The Fund did not have any employees during the period.

Other than as noted in this report, there were no significant changes in the nature of the Fund's activities during the period.

Directors

The following persons held office as directors of Advance Asset Management Limited during the period or since the end of the period and up to the date of this report:

- Vicki Allen
- Alan Cameron (resigned 31 December 2018)
- John Shuttleworth (resigned 1 August 2018)
- Jonathan Sweeney (appointed 1 July 2018)
- Susan Thomas
- Katherine Vincent (appointed 1 August 2018)
- Andrew Walker

Review and results of operations

Advance Australian Shares Multi-Blend Fund who owned 100% of the units on issue in the Fund redeemed 99% of their holding in the Fund effective 26 November 2018 as a result of a restructure of their investments. This was done mainly via an in-specie transfer of assets.

The Fund was invested in cash and cash equivalents post the large redemption, pending the payment of the final redemptions from the Fund.

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

	Period	Year ended
	1 July 2018 to	30 June
	31 January	2018
	2019	2018
Operating profit/(loss) before finance costs attributable to unitholders (\$)	(31,888,573)	75,319,571
<i>Distributions</i>		
Distribution paid and payable (\$)	67,594,514	41,603,047
Distribution (cents per unit)	21.293	10.751

Directors' report (continued)

Fund performance

The table below demonstrates the performance of the Fund as represented by the total annual return, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total annual return is shown for the period from 1 July 2018 to 31 January 2019 and for each of the past four years to 30 June 2018 and assumes that all distributions were re-invested during that period.

	Period 1 July 2018 to 31 January 2019	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
	%	%	%	%	%
Capital growth	(28.50)	8.67	(6.00)	(9.30)	4.42
Distribution of income	19.07	11.10	18.54	19.57	5.64
Total return	(9.43)	19.77	12.54	10.27	10.06

The key differences, if any, between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	As at	
	31 January 2019	30 June 2018
	\$	\$
Redemption value of outstanding units	-	396,788,219
Adjustment for differences in valuation inputs	-	1,011,501
Net assets attributable to unitholders	-	397,799,720

Significant changes in the state of affairs

The last unitholders' units were redeemed effective 10 December 2018 and final debts were settled on 31 January 2019 completing the termination of the Fund.

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

Matters subsequent to the end of the financial period

As the Fund has terminated, there have been no matters subsequent to the end of the financial period that significantly affected, or may significantly affect, the Fund.

Likely developments and expected results of operations

On 7 December 2018 the Responsible Entity resolved to terminate the Fund. The last unitholders' units were redeemed effective 10 December 2018 and final debts were settled on 31 January 2019 completing the termination of the Fund.

Indemnity and insurance of officers

No insurance premiums were paid for out of the assets of the Fund in regards to insurance cover provided to the officers of the Responsible Entity.

Directors' report (continued)

Indemnity of auditors

The auditors of the Fund were in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in note 12 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the period.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 12 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in note 7 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the balance sheet and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest dollar

Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *Australian Securities & Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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



Director



Director

Sydney
4 March 2019



Auditor's Independence Declaration

As lead auditor for the audit of Advance Investment Fund No.4 for the period 1 July 2018 to 31 January 2019, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read "Darren Ross", is written over a large, thin-lined signature box.

Darren Ross
Partner
PricewaterhouseCoopers

Sydney
4 March 2019

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Advance Investment Fund No.4
Statement of comprehensive income
For the period ended 31 January 2019

Statement of comprehensive income

	Period	Year ended
	1 July 2018 to	30 June
	31 January	2018
	2019	2018
Notes	\$	\$
Income		
Interest income	65,513	90,873
Dividend income	5,330,861	13,353,952
Distribution income	-	580,423
Net gains/(losses) on financial instruments held at fair value through profit or loss	(37,138,999)	61,609,590
Other income	301	2
Total income/(loss)	(31,742,324)	75,634,840
Expenses		
Transaction costs	146,249	315,269
Total operating expenses	146,249	315,269
Operating profit/(loss)	(31,888,573)	75,319,571
Profit/(loss) for the period/year	(31,888,573)	75,319,571
7		
Other comprehensive income	-	-
Total comprehensive income for the period/year	(31,888,573)	75,319,571

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

Advance Investment Fund No.4
Balance sheet
As at 31 January 2019

Balance sheet

	Notes	As at	
		31 January 2019	30 June 2018
		\$	\$
Assets			
Cash and cash equivalents	9	-	17,726,454
Accrued income		-	3,213,109
Receivables		-	3,284
Financial assets held at fair value through profit or loss	10	-	399,695,520
Total assets		-	<u>420,638,367</u>
Liabilities			
Distribution payable	8	-	<u>22,838,647</u>
Total liabilities		-	<u>22,838,647</u>
Net assets attributable to unitholders - equity	7	-	<u>397,799,720</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Advance Investment Fund No.4
Statement of changes in equity
For the period ended 31 January 2019

Statement of changes in equity

	Period	Year ended
	1 July 2018 to	30 June
	31 January	2018
	2019	2018
Notes	\$	\$
Total equity at the beginning of the financial period/year	397,799,720	-
Reclassification due to Attribution Managed Investment Trust ("AMIT") tax regime implementation*	7 -	412,524,141
Comprehensive income for the period/year		
Profit/(loss) for the period/year	(31,888,573)	75,319,571
Other comprehensive income	-	-
Total comprehensive income for the period/year	(31,888,573)	75,319,571
Transactions with unitholders		
Applications	7 -	12,000,000
Redemptions	7 (321,155,280)	(102,000,000)
Units issued upon reinvestment of distributions	7 22,838,647	41,559,055
Distributions paid and payable	8 (67,594,514)	(41,603,047)
Total transactions with unitholders	(365,911,147)	(90,043,992)
Total equity at the end of the financial period/year	-	397,799,720

* Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity.

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

Advance Investment Fund No.4
Statement of cash flows
For the period ended 31 January 2019

Statement of cash flows

	Period 1 July 2018 to 31 January 2019	Year ended 30 June 2018
Notes	\$	\$
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	88,603,760	92,654,645
Purchase of financial instruments held at fair value through profit or loss	(26,688,682)	(82,947,095)
Transaction costs	(146,249)	(315,269)
Interest received	67,553	89,528
Dividends received	8,541,930	14,260,319
Distributions received	-	1,148,334
Other income received	3,585	453
Net cash inflow/(outflow) from operating activities	13(a) 70,381,897	24,890,915
Cash flows from financing activities		
Proceeds from applications by unitholders	-	12,000,000
Payments for redemptions by unitholders	(20,513,837)	(25,000,000)
Distributions paid	(67,594,514)	-
Net cash inflow/(outflow) from financing activities	(88,108,351)	(13,000,000)
Net increase/(decrease) in cash and cash equivalents	(17,726,454)	11,890,915
Cash and cash equivalents at the beginning of the period/year	17,726,454	5,835,539
Cash and cash equivalents at the end of the period/year	9 -	17,726,454
Non-cash transactions	13(b)	

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

1 General information

These financial statements cover the Advance Investment Fund No.4 ("the Fund") as an individual entity. The Fund was constituted on 19 August 2005.

The Responsible Entity of the Fund is Advance Asset Management Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 18, 275 Kent Street, Sydney, NSW 2000. The financial statements are presented in Australian currency.

During the period, the Fund invested in equities in accordance with the provisions of the Fund's Constitution. Through these investments, the Fund gained exposure to Australian equities.

The financial statements were authorised for issue by the directors of the Responsible Entity on 4 March 2019. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. On 7 December 2018, the Responsible Entity resolved to terminate the Fund. The last unitholders' units were redeemed effective 10 December 2018 and final debts were settled on 31 January 2019 completing the termination of the Fund. The directors have therefore determined that the going concern basis of preparation is no longer appropriate. As such, the financial statements have been prepared on a liquidation basis whereby the Fund's assets have been measured at their net realisable values and the liabilities have been recognised at their contractual settlement amounts. Adoption of the liquidation basis of preparation has no impact on the carrying amount of assets and liabilities of the Fund.

The comparative figures are not entirely comparable due to different financial periods.

(i) Compliance with International Financial Reporting Standards

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

(ii) Comparatives

Certain comparative figures have been restated to conform with the financial statement presentation adopted for the current period.

(iii) New and amended standards adopted by the Fund

Other than as noted below, there are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2018 that have a material impact on the Fund.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

Adoption of AASB 9 Financial Instruments (and applicable amendments) ("AASB 9")

The Fund has adopted AASB 9 for the reporting period commencing 1 July 2018. AASB 9 replaces the classification and measurement model in AASB 139 *Financial Instruments: Recognition and Measurement* with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cash flows under the instrument solely represent the payment of principal and interest. Under the new standard, financial instruments are classified as:

- amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows and those cash flows represent solely payments of principal and interest; or
- fair value through other comprehensive income if the objective of the business model is to hold the financial instruments to collect contractual cash flows from solely payments of principal and interest and to sell; or
- all other financial instruments must be recognised at fair value through profit or loss. An entity can, at initial recognition, also irrevocably designate a financial instrument as measured at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

AASB 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments. The Fund's financial assets continued to be classified at fair value through profit or loss.

(b) Financial instruments

(i) Classification

The Fund classified its financial instruments based on its business model for managing its investments and their contractual cash flow characteristics. The Fund's investments were managed and performance was evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy was for the Responsible Entity to evaluate the information about the investments on a fair value basis together with other related financial information.

For equity securities the contractual cash flows held by the Fund were not solely principal and interest. Consequently, these investments were measured at fair value through profit or loss.

(ii) Recognition/derecognition

The Fund recognised financial instruments on the date it becomes party to the contractual agreement and recognises changes in the fair value of the financial instruments from this date.

Financial assets are derecognised when the contractual right to cash flows from the investments had expired or had been transferred, and the Fund had transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measured financial instruments at fair value. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in the statement of comprehensive income.

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

Refer note 5 for further details on how the fair values of financial instruments were determined.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

As this Fund is closed to unitholder redemptions, units are not able to be put back to the Fund for cash.

(d) Cash and cash equivalents

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

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

(e) Accrued income

Accrued income may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued from the time of last payment. Amounts are generally received within 45 days of being recorded as receivables.

(f) Unsettled sales/purchases

Unsettled sales/purchases represent receivables for securities sold and/or payables for securities purchased that have been contracted for but not yet delivered by the end of the reporting period.

(g) Receivables

Receivables include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

(h) Payables

Payables include liabilities, accrued expenses and redemption monies owing by the Fund which are unpaid as at the end of the reporting period.

As the Fund has an obligation to distribute its distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(i) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss as it accrues.

Dividend income is recognised on the ex-dividend date.

Trust distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

(j) Expenses

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

(k) Transaction costs

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

2 Summary of significant accounting policies (continued)

(l) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be included in the Fund's taxable income for distribution/attribution, so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed or attributed to unitholders.

To the extent allowable by taxation legislation, the benefits of imputation credits and foreign tax paid are passed on to unitholders.

(m) Distributions

In accordance with the Fund's Constitution, the Responsible Entity is entitled to determine the amounts to be distributed to unitholders. The distributions are recognised in the statement of changes in equity.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund, such as management fees, have been passed onto the Fund. The Fund qualifies for RITC, hence fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(o) Use of estimates

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the financial instruments held, quoted market prices are readily available.

The Fund did not have any assets or liabilities as at 31 January 2019 as the Fund completed its termination effective 31 January 2019.

For more information on how fair value is calculated refer to note 5.

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 January 2019 reporting period. These standards will have no impact as the Fund completed its termination effective 31 January 2019.

(q) Rounding of amounts

The Fund is an entity of the kind referred to in *Australian Securities & Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest dollar, unless otherwise indicated.

3 Termination of the Fund

On 7 December 2018, the Responsible Entity resolved to terminate the Fund. The last unitholders' units were redeemed effective 10 December 2018 and final debts were settled on 31 January 2019 completing the termination of the Fund.

This report contains the final set of financial statements for Advance Investment Fund No.4.

4 Financial risk management

The Fund's activities exposed it to a variety of financial risks; market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focused on ensuring compliance with its governing documents and sought to maximise the returns derived for the level of risk to which the Fund was exposed. Financial risk management was carried out by the investment manager.

The Fund used different methods to measure different types of risk to which it was exposed. These methods included sensitivity analysis in the case of interest rate, foreign exchange and price risks and ratings analysis for credit risk.

The investment manager mitigated these financial risks through diversification and a careful selection of securities and other financial instruments within specified limits.

The Fund's performance exceptions to its benchmark were reported to the board on a regular basis.

The Fund did not have any assets or liabilities as at 31 January 2019.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

Price risk arose on investments held for which prices in the future were uncertain. These were classified in the balance sheet as at fair value through profit or loss. All security investments present a risk of loss of capital.

The Fund did not have any assets or liabilities as at 31 January 2019.

Exceptions to compliance were reported to the board on a regular basis.

The table presented in note 4(b) summarises sensitivity analysis to price risk.

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities was a component of price risk.

The direct investments held by the Fund did not have any direct exposure to foreign exchange risk.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets.

The Fund did not have any significant direct exposure to interest rate risk.

4 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to price risk. The analysis is based on reasonably possible movements in the risk variables applied to the Fund's net assets. The reasonably possible movements in the risk variables have been determined based on management estimates, having regard to a number of factors including historical levels of changes in market indices, security prices and/or benchmark returns, interest rates and foreign exchange rates. However actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

The sensitivity analysis is based on symmetrical reasonably possible movements, however the likelihood of symmetrical movements may vary over time due to factors such as economic conditions and investment strategies.

	Impact on operating profit/(loss)/Net assets attributable to unitholders	
	Price risk	
	-15%	+15%
	(30 June 2018: -15%)	(30 June 2018: +15%)
	\$	\$
As at		
31 January 2019⁽¹⁾	-	-
30 June 2018	(59,954,328)	59,954,328

In determining the impact of an increase/(decrease) in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information.

⁽¹⁾ The Fund did not have any assets or liabilities as at 31 January 2019.

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. These assets were not impaired nor past due but not impaired.

All transactions in listed securities were settled or paid for upon delivery using approved brokers. The risk of default was considered minimal as the delivery of securities sold was only made once the broker had received payment. Payment was made on the purchase of securities once the securities were received by the broker. The trade would have failed if either party failed to meet its obligations.

Concentrations of direct credit risk were minimised primarily by:

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

Exceptions to compliance were reported to the board on a regular basis.

There were no significant direct concentrations of credit risk to counterparties as at 31 January 2019 or 30 June 2018.

4 Financial risk management (continued)

(d) Liquidity risk

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

The Fund was exposed to daily cash redemptions of redeemable units. The liquidity risks associated with the need to meet unitholders' requests for redemptions were mitigated by maintaining adequate liquidity to fulfil usual redemption volumes. The Fund therefore primarily held investments that were traded in an active market and could be disposed of readily. Only a limited proportion of its assets were not traded on an active market.

The risk management guidelines adopted were designed to minimise liquidity risk through:

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

Exceptions to the above were reported to the board on a regular basis.

(i) Maturities of non-derivative financial liabilities

The non-derivative financial liabilities of the Fund comprise distributions payable, unsettled purchases, payables and net assets attributable to unitholders. Distributions payable, unsettled purchases and payables had no contractual maturities but were typically settled within 30 days.

The Fund did not have any financial liabilities as at 31 January 2019.

5 Fair value measurement

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

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

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

Investments were valued in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of financial assets, information provided by independent pricing services was relied upon for valuation. Fair value inputs utilised the last traded prices for financial assets.

Where the last traded price did not fall within the bid-ask spread, an assessment was performed by management to determine the appropriate valuation price to be used that was most representative of fair value.

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

5 Fair value measurement (continued)

(i) Recognised fair value measurements

The Fund did not have any assets or liabilities as at 31 January 2019.

The following table presents the financial assets measured and recognised at fair value by fair value hierarchy levels:

As at 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets held at fair value through profit or loss:				
Equity securities	399,695,520	-	-	399,695,520
Total	399,695,520	-	-	399,695,520

There were no financial liabilities held as at 30 June 2018.

Transfers into and transfers out of the fair value hierarchy levels were recognised at the end of each reporting period.

(ii) Transfers between levels

There were no transfers between levels as at 31 January 2019 or 30 June 2018.

(b) Fair values of non-financial instruments

Due to their short-term nature, the carrying value of receivables and payables are assumed to approximate their fair values.

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

6 Remuneration of auditors

	Period 1 July 2018 to 31 January 2019 \$	Year ended 30 June 2018 \$
<i>Audit and other assurance services</i>		
Audit of financial statements	6,755	14,647
Other services*	-	1,307
Total remuneration for audit and other assurance services	6,755	15,954

* Other services include compliance plan audit and controls reporting.

Audit fees were paid by the Responsible Entity for the period ended 31 January 2019 and year ended 30 June 2018.

7 Net assets attributable to unitholders

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

	31 January 2019	30 June 2018	31 January 2019	30 June 2018
	No.	No.	\$	\$
Opening balance	360,159,952	405,849,434	397,799,720	412,524,141
Profit/(loss) for the period	-	-	(31,888,573)	75,319,571
Applications	-	11,952,192	-	12,000,000
Redemptions	(380,837,767)	(98,076,590)	(321,155,280)	(102,000,000)
Units issued upon reinvestment of distributions	20,677,815	40,434,916	22,838,647	41,559,055
Distributions paid and payable	-	-	(67,594,514)	(41,603,047)
Closing balance	-	360,159,952	-	397,799,720

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

(a) Capital risk management

On 7 December 2018, the Responsible Entity resolved to terminate the Fund. The last unitholders' units were redeemed effective 10 December 2018.

8 Distributions to unitholders

	Period 1 July 2018 to 31 January 2019	Period 1 July 2018 to 31 January 2019	Year ended 30 June 2018	Year ended 30 June 2018
	\$	CPU	\$	CPU
Distributions paid				
- 23 November	67,594,514	21.293	-	-
- 30 November	-	-	18,764,400	4.410
Distribution payable				
- 30 June	-	-	22,838,647	6.341
	67,594,514	21.293	41,603,047	10.751

9 Cash and cash equivalents

	As at	
	31 January 2019	30 June 2018
	\$	\$
Cash at bank	-	17,726,454
Total cash and cash equivalents	-	17,726,454

10 Financial assets held at fair value through profit or loss

	As at	
	31 January 2019	30 June 2018
	Fair value \$	Fair value \$
Financial assets held at fair value through profit or loss		
Equity securities	-	399,695,520
Total financial assets held at fair value through profit or loss	-	399,695,520

Equity securities

Australian equity securities listed on a prescribed stock exchange	-	399,695,520
Total equity securities	-	399,695,520

Total financial assets held at fair value through profit or loss	-	399,695,520
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An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 4 and note 5.

11 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, credit index or other variable.

No derivative transactions were entered into during the period (30 June 2018: \$Nil).

12 Related party transactions

(a) Responsible Entity

The Responsible Entity of the Fund is Advance Asset Management Limited (ABN 98 002 538 329), a wholly owned subsidiary of Westpac Financial Services Group Limited (ABN 50 000 326 312). The ultimate parent entity is Westpac Banking Corporation (ABN 33 007 457 141). The registered office of the Responsible Entity and the Fund is Level 18, 275 Kent Street, Sydney, NSW 2000.

12 Related party transactions (continued)

(b) Directors

The directors of Advance Asset Management Limited during the financial period or since the end of the period and up to the date of this report were as follows:

Vicki Allen
 Alan Cameron (resigned 31 December 2018)
 John Shuttleworth (resigned 1 August 2018)
 Jonathan Sweeney (appointed 1 July 2018)
 Susan Thomas
 Katherine Vincent (appointed 1 August 2018)
 Andrew Walker

(c) Other key management personnel

Name	Position	Employer
Brad Cooper	CEO, BT Financial Group	Westpac Banking Corporation
Melinda Howes	General Manager, Superannuation, BT Financial Group	Westpac Banking Corporation

There was no other person with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial period.

(d) Responsible Entity's/manager's fees and other transactions

For the period 1 July 2018 to 31 January 2019, in accordance with the Fund's governing documents, the Fund incurred a total management fee of Nil% (inclusive of GST, net of RITC available to the Fund) per annum (30 June 2018: Nil%).

All expenses in connection with the preparation of accounting records and the maintenance of the unit register were fully borne by the Responsible Entity.

(e) Related party and/or other unitholdings

Parties related to the Fund (including the Responsible Entity, its related parties and other funds managed by the Responsible Entity) held units in the Fund as follows:

31 January 2019

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 Fund
	Units	Units	%	Units	Units	\$
Advance Australian Shares Multi-Blend Fund	360,159,952	-	-	20,677,815	(380,837,767)	67,594,514

12 Related party transactions (continued)

(e) Related party and/or other unitholdings (continued)

30 June 2018

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 Fund
Units	Units	Units	%	Units	Units	\$
Parent - Advance Australian Shares Multi-Blend Fund	405,849,434	360,159,952	100.00	52,387,108	(98,076,590)	41,603,047

(f) Transactions with key management personnel

Key management personnel services were provided by Advance Asset Management Limited and included in the management fees disclosed in (d) above. There was no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

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

Key management personnel unitholdings

At 31 January 2019 no key management personnel held units in the Fund (30 June 2018: Nil).

(g) Investments

(i) Other investments in related parties

The Fund held the following other investments in related parties (31 January 2019: \$Nil):

31 January 2019

Related party	Fair value of investment	Income received	Income receivable
	\$	\$	\$
Westpac Banking Corporation - ordinary shares	-	845,019	-

30 June 2018

Related party	Fair value of investment	Income received	Income receivable
	\$	\$	\$
Westpac Banking Corporation - ordinary shares*	30,736,989	2,228,143	1,000,138

* The Fund owns less than 1% of the issued capital.

(h) Other transactions within the Fund

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

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

	Period 1 July 2018 to 31 January 2019 \$	Year ended 30 June 2018 \$
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the period/year	(31,888,573)	75,319,571
Proceeds from sale of financial instruments held at fair value through profit or loss	88,603,760	92,654,645
Purchase of financial instruments held at fair value through profit or loss	(26,688,682)	(82,947,095)
Net (gains)/losses on financial instruments held at fair value through profit or loss	37,138,999	(61,609,590)
Net change in accrued income and receivables	3,216,393	1,473,384
Net cash inflow/(outflow) from operating activities	70,381,897	24,890,915

(b) Non-cash transactions

Distribution payments satisfied by the issue of units under the distribution reinvestment plan	22,838,647	41,559,055
Redemptions settled as non-cash withdrawals	(300,641,443)	(77,000,000)
Sales received as non-cash proceeds	300,641,443	77,000,000

14 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the balance sheet as at 31 January 2019 or on the results and cash flows of the Fund for the period ended on that date.

15 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 31 January 2019 and 30 June 2018.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 January 2019 and of its performance for the period 1 July 2018 to 31 January 2019,
- (b) as disclosed in note 2(a) to the financial statements, the Fund has been terminated and all debts were paid for at that time, and
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Director



Director

Sydney
4 March 2019



Independent auditor's report

To the unitholders of Advance Investment Fund No 4

Our opinion

In our opinion:

The accompanying financial report of Advance Investment Fund No 4 (the "Registered Scheme") is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 31 January 2019 and of its financial performance for the period 1 July 2018 to 31 January 2019
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 January 2019
- the statement of comprehensive income for the period 1 July 2018 to 31 January 2019
- the statement of changes in equity for the period 1 July 2018 to 31 January 2019
- the statement of cash flows for the period 1 July 2018 to 31 January 2019
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - going concern no longer appropriate

We draw attention to Note 2(a) in the financial report, which indicates that on 7 December 2018, the Responsible Entity resolved to terminate the Registered Scheme. The last unitholders' units were redeemed effective 10 December 2018 and final debts were settled on 31 January 2019, completing the

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termination of the Registered Scheme. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Registered Scheme's annual report for the period 1 July 2018 to 31 January 2019, including the directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity of the Registered Scheme are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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



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

A handwritten signature in black ink that reads "Bill Waterhouse-Cooper". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers

A handwritten signature in black ink that reads "Darren Ross". The signature is written in a cursive, flowing style.

Darren Ross
Partner

Sydney
4 March 2019