

UQ ENDOWMENT FUND LIMITED
(ABN: 44 014 623 276)

AS TRUSTEE FOR
UQ ENDOWMENT FUND
(A PUBLIC FUND)

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

OBJECTIVES AND PHILOSOPHIES OF THE FUND

Objectives of the Trust

To provide endowment for the University of Queensland (“the University”) by encouraging high net worth individuals, corporations and government to gift capital funds for investment and thereby create substantial recurring revenue for scholarships, research, chairs of learning and any other activity that supports excellence in education at, and for, the University of Queensland.

Our goal is to be a leading university endowment fund judged on:

1. Positive social impact of the programs supported by distribution of monies and by way of the utilisation of human capital.
2. Efficiency and creativity in managing the donated money.
3. Achieving rates of returns on investments commensurate with acceptable risk and the perpetual nature of the fund.
4. Creating an environment that gives support and comfort to potential donors.

Philosophy of the Trust

The guiding principles for the Trust are:

1. Independence from University Administration
2. Management and Control
3. Transparency

1. Independence from University Administration

The Board comprises five persons who have demonstrated success in their chosen field, are willing to contribute their time at no cost, who consider it an honour to work in a trustee position and would provide to the wider University Community and potential donors comfort in making donations. The Board is comprised of one representative of the University Senate, one representative of the office of the Vice Chancellor of University of Queensland, and three responsible persons (primarily Fellow Alumni).

2. Management and Control

Performance based criteria are applied to the Trust including low administration costs, rates of return on investment that exceed comparable benchmarks, creative investment policies; and management of funds' distribution by setting goals and protocols so that funding is dependent on performance and the requirement that recipients adopt appropriate business principles.

3. Transparency

Communication with all stakeholders, existing and potential, by regular publication of financial results, identification of donated money and distributions, audits, disclosure of corporate investment policies and utilization of all communication channels within the University and beyond.

MESSAGE FROM THE CHAIRMAN

The Fund's long-term objective is to provide substantial benefit to the University of Queensland. It is hoped that the University community and its stakeholders share our vision that substantial endowment is required if the University is to maintain its premier status as one of the world's leading universities.

Distributions for FY 2019

During the financial year 2018/19, the Fund made donations and distributions totaling over \$1.5 million. Programs supported by the Fund are set out below.

Young Achievers Program	\$1,000,000
The TC Beirne School of Law Leadership, Excellence and Diversity (LEAD) Scholarship	\$400,000
Young Achievers Programme – Research Paper (Institute of Social Sciences Research)	\$100,000

Programs supported since inception

Since inception to 30th June 2019, the Fund has made donations and distributions totaling nearly \$29 million. Programs supported by the Fund are set out below.

Global Change Institute	\$15,000,000
Young Achievers Program	\$10,000,000
Substance Abuse Research	\$3,200,000
Research Fellowship - Brain Institute	\$702,250
The TC Beirne School of Law Leadership, Excellence and Diversity (LEAD) Scholarship	\$900,000
Contribution to Synthetic Hockey and Football Field	\$263,390
Rodney Wylie Fellowships	\$100,000
Frank Finn Scholarships	\$95,066
UQ Sporting Clubs -	
UQ Rugby Union	\$300,000
Cricket	\$100,000
Rowing	\$100,000
Australian Rules	\$50,000
Canoeing	\$50,000
Total	\$30,860,706

Commentary – Young Achievers

The University of Queensland Young Achievers Program provides scholarships to children commencing Year 11 at public high schools in South East Queensland, with the scholarship then continuing to support their University of Queensland education. Selection criteria include financial and distance hardship, first in family and indigene.

The program has been outstanding in demonstrating to students at State High Schools and the wider community that University and tertiary education is available to them. The program has created positive change within The University of Queensland principally from the Young Achievers and their mentors' recognition and presence on campus.

Since inception in 2009, 1,153 scholarships have been granted. In 2019, a group of 120 highly motivated Year 10 students from 44 state secondary schools in Brisbane, Ipswich, the Darling Downs, the Capricorn, Wide Bay-Burnett and other regions in South West Queensland were selected to join the program with an official start date in January 2020. Of these students, 52 per cent were attending a school in a regional or remote area of Queensland, 54 per cent indicated they would be the first in their family to go to university and less than one per cent were of Aboriginal or Torres Strait Islander descent.

Commentary – UQ Law Lead

The TC Beirne School of Law LEAD Scholarship helps to make the University's prestigious, high cut-off law degree more accessible to young people who have experienced some form of education disadvantage. It aims to improve student diversity within UQ's TC Beirne School of Law.

Students are awarded each year and have up to a maximum of 5 years of LEAD scholarship support provided they continue to meet scholarship conditions. There are currently 24 LEAD Scholars (2019 – 12, 2018 – 8, 2017 – 4). The plan for 2020 is that up to another 17 scholarships could be awarded on top of the 24 listed here.

Net Assets

At 30 June 2019, the Fund had net assets of approximately \$34.2 million including cash and cash equivalents of \$9.7 million. The Fund benefited from an investment return of approximately \$2.9 million during the year. This represented a return of approximately 9% for the year, whilst at the same time keeping significant cash on the balance sheet of the Fund.

Estimated Distributions for FY 2020

The intention is for the following distributions to be made in the year to 30 June 2020:

1. \$1 million to the Young Achiever program
2. \$275,000 to the TC Beirne School of Law for the Leadership, Excellent and Diversity (LEAD) scholarship.
3. Other distributions that the Directors of the Fund see fit.

UQef Board

I express my gratitude to all my fellow board members who made significant contributions to the success of the Fund.

The Fund looks forward to continuing to support The University of Queensland and its stakeholders.



David Goffage
Chairman



**Building a better
working world**

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Auditor's Independence Declaration to the Trustee of UQ Endowment Fund

In relation to our audit of the financial report of UQ Endowment Fund for the financial year ended 30 June 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mike Reid'.

Mike Reid
Partner
15 January 2020

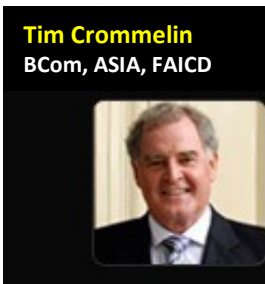
BOARD OF DIRECTORS



David Goffage has 22 years of investment banking experience. Most recently David was a Manager Director in the Equity Capital Markets business at Merrill Lynch in Sydney from 2010 to 2018. Prior to Merrill Lynch, David worked with ABN AMRO and Bankers Trust in Sydney and Credit Suisse in London.

In these roles, David has extensive experience in capital markets and has been a senior adviser to Governments, boards and executive teams in a variety of industries. David has worked on over 100 equity capital markets transactions raising over \$100 billion in equity capital.

David has a Bachelor of Commerce degree from the University of Queensland and Bachelor of Laws (Honours) degree from the University of Queensland. He has completed the Charter Financial Analyst (CFA) Program.



Tim has over 40 years of experience in stockbroking, investment banking, corporate advisory, risk management, and mergers and acquisitions. He is Chairman of Morgans Holdings (Australia) Limited and Non-executive Chairman of ASX-listed AP Eagers Limited, Director of ASX listed Senex Energy and previously served as Deputy Chairman of CS Energy Limited and Queensland Gas Company Limited. Tim is a member of the University of Queensland's governing Senate, and other current directorships include the Morgans Foundation, Australian Cancer Research Foundation and the Brisbane Lions Foundation.

Current directorships/other interests
Morgans Holdings (Australia) Limited: Chairman
AP Eagers Limited: Chairman
Senex Energy: Director
University of Queensland: Member of the Senate
Morgans Foundation: Deputy Chairman
Australian Cancer Research Foundation: Director
Brisbane Lions Foundation: Director

Jennifer Karlson
MSc, BSci, CFRE



Ms Jennifer Karlson is The University of Queensland representative on the Board as from 18 December 2018

As Pro-Vice-Chancellor (Advancement), Ms Karlson is responsible for an ambitious fundraising agenda that incorporates extensive community engagement and public relations. As a member of the Vice-Chancellor's senior executive group, she is the principal advisor to the Vice-Chancellor on Advancement Strategy, lead solicitations and change management to embed best practice in Advancement throughout the institution. The Pro-Vice-Chancellor (Advancement) is responsible for providing leadership in the Advancement Office, developing broad strategic direction and overall management for the fundraising functions and related support services, with the objective of attracting substantial philanthropic investment in the University. The Pro-Vice-Chancellor (Advancement) reports to the Deputy Vice-Chancellor (External Engagement) on Advancement management and operations.

Sarah Hay



Sarah Hay works as the Business Manager of Shorthand, Mawson Ventures & Boardcave Pty Ltd. She was part of the Wotif.com team for over ten years, and is now a Managing Director of Shorthand Pty Ltd, and Shorthand Inc.

She attended the Gatton campus of UQ and her two sons are current UQ students.

Simon Fenwick
BCom, BEcon



Simon Fenwick is a Founding Partner at International Value Advisers LLC (USA). His background is in funds management and equity research. Simon worked in New York from 2002 until 2014, and before that in London from 1996 to 2002 for BNP Paribas and Société Générale.

From 1992 until 1996, Simon worked for Ernst & Young and Wilson HTM in Australia.

Simon is also a Director at New Harvest Investment Management Pty Ltd and Outlier Energy Pty Ltd.

CORPORATE GOVERNANCE

The Board of UQ Endowment Fund Limited (“the Company”) recognizes the importance of good corporate governance and establishing the accountability of the Board and Management.

The Company is committed to best practice in the area of corporate governance and considers its governance framework to be substantially consistent with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (with 2010 amendments) as they relate to not for profit entities. Also to the Australian Charitable Not For Profit Commission (ACNC) governance standards effective from 1 July 2018.

Our corporate governance statements emphasise the core concepts of integrity, honesty, selflessness, ethical and responsible decision making, and managing risk. The corporate governance principles and practices adopted by the Company are summarized below and are centred on the Board, its committees and the principles that govern their interaction with all stakeholders, including donors, University Senate, Students, Alumni, Teaching and Administration, staff, and friends of the University.

Investment Policy

The Board is ultimately responsible for the management of funds and the investment of those funds. The Board will make investment decisions within the framework of the Trust’s Investment Objective but is not limited in the advice it wishes to seek. The current objective is to produce above average returns without taking undue risk with the objective to demonstrate to future donors that the fund is worthy of receiving gifts. The Board may outsource the management of funds in part or whole to specialist investment managers, but such actions do not discharge the Board’s responsibility.

Distribution Policy

The Board is responsible for ensuring that the distribution of funds occurs on a regular basis and is consistent with either:

- a) The donor’s intentions in the case of earmarked funds, or
- b) The purposes of the trust in the case of discretionary donations.

Funds are distributed on the basis of goal setting and protocols whereby funding is based on positive social impacts; non-performance may result in the cancellation of funding.

Fund Raising Policy

The Board has a responsibility for coordinating fundraising activities with the University. Proposed activities will be presented to the University in detail, with the Board receiving periodic plans for consideration. The members are expected to participate from time-to-time especially in relation to profiling key events, and engaging high wealth individuals, alumni and friends of the University.

BOARD OF DIRECTORS – ROLE OF THE BOARD

The Board is responsible for the overall corporate governance of the Trust. The Board recognizes the need for the highest standards of behaviour and accountability. The Board has final responsibility for the management of the Trust’s business and affairs.

The Board is responsible for:

- overseeing the Trust including:
 - defining the objectives and goals of the Trust; and
 - establishing the guiding principles and philosophy of the Trust;
- monitoring the Trust’s financial performance, including adopting annual budgets and approving the Trust’s financial statements;
- monitoring and approving the investments of the Fund;
- reviewing and ratifying the Trust’s risk management system, internal compliance and control systems, codes of conduct and legal compliance;
- selecting and (where appropriate) removing the Chief Executive Officer and reviewing the performance of staff; and
- ratifying the appointment and (where appropriate) removal of the Accountant and the Company Secretary.

COMPOSITION OF THE BOARD

The Board is currently comprised of five Directors, all of whom are independent, and considered to be responsible persons.

- David Goffage (Chairman)
- Tim Crommelin who represents the UQ Senate
- Sarah Hay who represents parents of students and other stakeholders
- Jennifer Karlson, Board member representing the Vice-Chancellor’s Office.
- Simon Fenwick

MEETINGS OF THE BOARD

The Board met on four (4) occasions during the reporting period. Details of individual attendance at Board meetings, and of Board Committees, can be found on page 14 of this report.

DIRECTORS’ REMUNERATION

All Directors act in an honorary capacity and receive no remuneration.

BOARD COMMITTEES

The Board has established Committees, all of which operate pursuant to written charters, namely:

- the Investment Committee;
- the Nomination Committee;
- the Audit and Risk Committee;

These Board Committees support the full Board and essentially act in a review and advisory capacity in matters that require a more intensive review.

This section gives an overview of the Company's Committees.

Investment Committee

This Committee is charged with undertaking the development of investment policy of the Fund, setting asset allocation and investment return objectives. The Investment Committee makes recommendations to the Board for the investment of the Trusts' funds. The Board has appointed three of its members, Tim Crommelin, Simon Fenwick and David Goffage, as an Investment Committee.

Nomination Committee

This Committee is charged with undertaking an annual assessment of the effectiveness of the Board as a whole, and of staff and managing the process of selecting new Board members. The current members are David Goffage, Tim Crommelin and Sarah Hay.

Audit Committee

The primary role of this Committee is to assist the Board in the review and oversight of:

- the integrity of the Trust's financial reporting;
- the Trust's risk management, and internal controls; and
- the Trust's system of compliance with laws and regulations, internal compliance guidelines, policies, procedures and control systems, and prescribed internal standards of behaviour.

This Committee is charged with making recommendations on the appointment of the Trust's external auditors and for reviewing their effectiveness. In carrying out this activity the Committee is guided by the following principles:

- the External Auditor must be a registered company auditor and be a member of an accredited professional body;
- the audit partner and any audit team member must not be a Director or officer charged with the governance of the Trust, or have a business relationship with the Trust or any officer of the Trust;
- the audit team shall not include a person who has been a former officer of the Trust during that year;
- the External Auditor must have actual and perceived independence from the Trust and shall confirm their independence to the Board;

- the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge; and
- the External Auditor is not to provide non-audit services under which they assume the role of management, become an advocate for the Trust or audit their own work.

The current members of the Audit Committee are Tim Crommelin, Simon Fenwick and David Goffage.

RISK MANAGEMENT

The Board is responsible for overseeing the Trust's systems of internal control and risk management. The Board has delegated the direct review of risk management to the Audit Committee. The Risk Management Committee reviews the effectiveness of the Trust's risk management system annually.

The Chief Executive Officer and Accountant have responsibility for implementing the risk management systems and internal controls within the Trust. The management team is also integral in identifying the risks in the Trust's operations and activities. Monitoring of risks, risk management and compliance is undertaken by management and overseen by the Audit Committee.

FINANCIAL REPORTING

The Trust's financial report preparation and approval process for the 2019 financial year involved the Chief Executive Officer and Accountant providing a declaration to the Board on 13 December 2019 that in their opinion:

- the financial records of the Trust have been properly maintained; and
- the financial statements and notes thereto for the financial year comply with the accounting standards and provide a true and fair view in all material respects of the Trust's financial condition and operational results.

In making this statement, the Chief Executive Officer and Accountant indicated to the Board that in their opinion:

- the Trust's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects; and
- the statement is founded on a sound system of risk management and internal compliance and control systems which implement the policies adopted by the Board.

ETHICAL STANDARDS - CODE OF CONDUCT

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The key aspects of this code are:

- to act with honesty, integrity and fairness;
- to act in accordance with the law; and
- to use the Trust's resources and property appropriately.

REMUNERATION POLICIES AND PRACTICES

The Board has adopted a policy of providing their services on an honorary basis. The staff and management also work in an honorary capacity. This policy will be reviewed periodically. In general, this policy will be continued until the Trust grows to a size to warrant the paid employment of staff.

INFORMATION DISCLOSURE AND STAKEHOLDER COMMUNICATION

The Board seeks to ensure that stakeholders are provided with sufficient information to assess the performance of the Trust. In addition to the Annual Report, the Company will use a website to communicate with its stakeholders and provide electronic access to the latest and past Annual Reports, available scholarships and application processes, details of the Board of Directors and other information of interest to stakeholders, current and prospective.

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DIRECTORS' REPORT

Your Directors present their report on the Company, UQ Endowment Fund Limited, for the financial year ended 30 June 2019.

DIRECTORS

The Directors of the Company at all times during the financial year were:

Tim Crommelin	Director since 15/03/2010
David Goffage (Chairman)	Director since 30/06/2015
Sarah Hay	Director since 01/08/2016
Simon Fenwick	Director since 16/02/2018
Jennifer Karlson	Director since 18/12/2018

The continuing Directors' qualifications and experience are detailed on pages 5-6 under the heading *Board of Directors* and those pages are incorporated in and form part of this report.

COMPANY SECRETARY

Robert Andrew Creeth Brice is the Company Secretary of UQ Endowment Fund Limited and has been since 15 March 2010. He holds a Bachelor of Commerce from the University of Queensland. He is a member of the Institute of Chartered Accountants Australia.

PRINCIPAL ACTIVITIES

The Company's principal activity during the course of the financial year was to act as Trustee of the UQ Endowment Fund.

REVIEW OF OPERATIONS AND RESULTS

The Company did not trade in its own right. Its only activity was to act as Trustee of the Trust, which forms the basis of this report.

DIVIDENDS

The Company did not declare a dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company during the financial year under review not otherwise disclosed in this report or the Financial Statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matters or circumstances not otherwise dealt with in this report or the Financial Statements that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the Company operations in future financial years and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

INSURANCE OF DIRECTORS AND OFFICERS

The Company does not provide Directors insurance.

DIRECTORS' INTERESTS

No Director has an interest in the share capital of the Company.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

Name	Board of Directors		Investment Committee		Audit Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
D Goffage	4	4	1	1	1	1	1	1
T Crommelin	4	3	1	1	1	1	1	1
Sarah Hay	4	4					1	1
Simon Fenwick	4	4	1	1	1	1		
Jennifer Karlson*	3	3						

*Joined the Board 8 December 2018

Column A indicates the number of meetings held during the financial year while the Director was a member of the Board or Committee and which the Director was entitled to attend.

Column B indicates the number of meetings attended by the Director during the financial year while the Director was a member of the Board or Committee.

This report is made in accordance with a resolution of the Directors of UQ Endowment Fund Limited made on *15 January 2020*.



David Goffage
Chairman



Andrew Brice
Company Secretary

UQ Endowment Fund
Statement of Comprehensive Income
For The Year Ended 30 June 2019

Income	Note	2019 \$	2018 \$
Gifts	7	100,000	2,000,000
Dividend Received		1,573,301	808,992
Distribution Received		191,177	167,392
Interest Received		174,754	91,797
Realized Foreign Exchange Gain		101,311	-
Commission – sub underwriting		-	5,005
Total Income		2,140,543	3,073,186
 Expenses			
Donations to University of Queensland		1,500,000	1,313,009
Loss on sale of financial assets		226,308	239,292
Bank Charges and interest		15	62
Filing Fees		146	-
Total Expenses		1,726,469	1,552,363
Profit (Loss)Before Income Tax Expense		414,074	1,520,823
Income Tax Benefit		629,398	300,592
Net Profit (Loss)After Income Tax Expense		1,043,472	1,821,414
Other Comprehensive Income (Expense)		151,526	2,765,345
Total Comprehensive Income(Loss) for the Year		1,194,998	4,586,759

The accompanying notes form part of these financial statements.

**UQ Endowment Fund
Balance Sheet
As At 30 June 2019**

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash Equivalents	3	9,187,059	8,336,926
Other Receivables	4	691,981	339,868
Total Current Assets		<u>9,879,040</u>	<u>8,676,794</u>
Non Current Assets			
Shares in Listed Companies	5	23,515,562	23,692,763
Units in Managed Funds	6	934,955	765,001
Total Non-Current Assets		<u>24,450,517</u>	<u>24,457,764</u>
Total Assets		<u>34,329,557</u>	<u>33,134,558</u>
		-	-
Non-Current Liabilities			
		-	-
Total Non-Current Liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>-</u>	<u>-</u>
Net Assets		<u>34,329,557</u>	<u>33,134,558</u>
Equity			
Settlement Sum		100,000	100
Endowment Funds		<u>34,329,457</u>	<u>33,134,458</u>
Total Equity		<u>34,329,557</u>	<u>33,134,558</u>

The accompanying notes form part of these financial statements.

UQ Endowment Fund
Statement of Changes in Equity
For The Year Ended 30 June 2019

	Endowment Funds								
	Settlement Sum	Graeme Wood Discretionary Fund	Wotif Fund	Fenwick Foundati on Fund	Rodney Wylie Fund	Frank Finn Fund	General Fund	Total Endowment Funds	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Period Ended 30 June 2019									
At 30 June 2018	100	-	-	2,052,413	201,160	824,672	30,056,213	33,134,458	33,134,558
Net Profit/(Loss) for the Year	-	-	-	153,800	15,074	61,798	812,800	1,043,472	1,043,472
	100	-	-	2,206,213	216,234	886,470	30,869,013	34,177,930	34,178,030
Net Profit/(Loss) on financial investments	-	-	-	10,255	1,005	4,122	136,145	151,527	151,527
At 30 June 2019	100	-	-	2,216,468	217,239	890,592	31,005,158	34,329,457	34,329,557
Period Ended 30 June 2018									
At 30 June 2018	100	15,235,730	12,246,856	-	177,398	732,103	155,612	28,547,699	28,547,799
Net Profit (Loss) for Year	-	300,605	(519,684)	2,004,928	8,301	22,132	5,132	1,821,414	1,821,414
	100	15,536,335	11,271,172	2,004,928	185,699	754,235	160,744	30,369,113	30,369,213
Net profit/(loss) on financial investments	-	1,454,948	1,160,435	47,485	15,461	70,437	16,579	2,765,345	2,765,345
Transfer to General Fund	-	(16,991,283)	(12,887,607)				29,878,890	-	-
At 30 June 2018	100	-	-	2,052,413	201,160	824,672	30,056,213	33,134,458	33,134,558

The accompanying notes form part of these financial statements

**UQ Endowment Fund
Statement of Cash Flows
For The Year Ended 30 June 2019**

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Dividend Received		1,573,301	808,992
Income Tax Benefit Received		300,594	296,192
Distribution Received		173,401	174,077
Interest Received		169,094	91,797
Realized Foreign Exchange Gain		101,311	
Proceeds from Gifts		100,000	2,000,000
Commission Received		-	5,005
Donations and Payments to Suppliers		<u>(1,500,161)</u>	<u>(1,313,071)</u>
Net Cash in/(out) Flows from Operating Activities	9(a)	<u>91,7540</u>	<u>2,062,992</u>
Cash Flows from Investing Activities			
Sale of shares		4,644,813	6,263,790
Purchase of Shares		<u>(4,712,220)</u>	<u>(3,775,385)</u>
Net Cash in/(out) Flows from Investing Activities		<u>(67,407)</u>	<u>2,488,405</u>
Net Increase/(Decrease) in Cash Held During the Financial Period		850,133	4,551,397
Cash Held at the Beginning of the Period		<u>8,336,926</u>	<u>3,785,529</u>
Cash Held at the End of the Period	9(b)	<u>9,187,059</u>	<u>8,336,926</u>

The accompanying notes form part of these financial statements.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

1. Corporate Information

The financial report of the UQ Endowment Fund (“The Trust”) for the period ended 30 June 2019 was authorized for issue in accordance with a resolution of Directors made on 13 December 2019.

UQ Endowment Fund Limited is a company. Its only activity is to act as Trustee of the Trust.

2. Summary of Significant Accounting Policies

(a) Basis of accounting.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of applicable Australian Accounting Standards and other mandatory professional reporting requirements. It has been prepared on a historical cost basis, except for financial investments, which have been measured at fair value. The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards.

(i) Accounting Standards and Interpretations issued and applied by the Fund

There were no new standards and interpretations that have been applied for the first time by the Fund for the year ended 30 June 2019, that had a material impact.

(ii) Accounting Standards and Interpretations effective as at 1 July 2018

The Fund has adopted AASB 9 – Financial Instruments with effect from 1 July 2018. The Fund’s business model is to generate cash flows from investing and occasionally sell financial securities, and accounts for the fair value of these instruments through Other Comprehensive Income. The adoption of this standard did not have any impact on the way investments were recorded, and therefore, no transitional adjustments were required.

AASB 136 – Impairment of Assets does not apply to The Fund as it has adopted AASB 9 – Financial Instruments for all financial instruments.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

2. Summary of Significant Accounting Policies (continued)

(iii) Accounting Standards and Interpretations effective as at 1 July 2018

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective and have not been adopted, unless otherwise stated, by the Fund for the year ended 30 June 2019.

Reference	Title	Application date of Standard
AASB 16	Leases – not applicable	1 January 2019

(c) Revenue Recognition

Gifts

Income from gifts is recognized in the Statement of Comprehensive Income once the Company has control of the gifted items.

Interest

Interest revenue is recognized as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

2. Summary of Significant Accounting Policies (continued)

Dividends

Dividends are recognised as income when received.

Distributions Received from Trusts

Trust distributions are recognized as income on the date that the trustees declare that a distribution will be made.

(d) Taxation

(i) Income Tax

UQ Endowment Fund has been endorsed by the Commissioner of Taxation as an income tax exempt entity pursuant to Section 50-5 of the *Income Tax Assessment Act 1997*. Accordingly, no income tax has been provided for in these financial statements.

(ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST except where:

- The GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

(e) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

2. Summary of Significant Accounting Policies (continued)

(e) Investments (continued)

After initial recognition, financial investments are measured at fair value through other comprehensive income.

Gains or losses on financial investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Comprehensive Income. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(f) Cash and Cash Equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand and short-term deposits with maturity of 4 months or less.

(g) Provisions – general

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(h) Comparative Information

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

UQ ENDOWMENT FUND NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

2. Summary of Significant Accounting Policies (continued)

(i) Recoverable amount of assets

The Trust assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Trust makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset of cash-generating unit is considered impaired and is written down to its recoverable amount.

For not-for-profit entity assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(j) Other receivables

Other receivables consist principally of the refund of income tax arising from imputation credits attached to dividends received. Other trade receivables are recognised and carried at the original invoice amount.

A provision for expected credit loss is made for all debt instruments not held at fair value through profit or loss and contract assets.

(k) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Trust prior to the end of the reporting period that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

2. Summary of Significant Accounting Policies (continued)

(1) Significant accounting judgement estimates and assumptions

In the process of applying the Trust's accounting policies, management has considered if there are judgements, apart from estimates, which will have a significant effect on the amount recognised in the financial statements; management has concluded there are none. Equity Instruments such as Stapled securities are valued using their quoted market price, and unlisted managed funds are valued using their audited financial statements. Estimation is not used to value equity instruments.

	<u>2019</u>	<u>2018</u>
	\$	\$
3. Current Assets – Cash and Cash Equivalents		
Cash at Bank	9,187,059	8,336,926
4. Current Assets – Other Receivables		
Franking Credits	629,398	300,594
Trust Distribution	56,260	38,484
Accrued Interest	5,660	-
Refund of GST on purchased investments	663	790
	691,981	339,868
5. Shares in Listed Companies		
Financial Investment - Shares in Listed Companies, at fair value	23,515,562	23,692,763
6. Units in Managed Funds		
Units in Managed Funds, at fair value		
Add/(Deduct): Change in Value of Investment	934,955	765,001

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
7. Revenue		
Gift Revenue	<u>100,000</u>	<u>2,000,000</u>
8. Other Comprehensive Income (Expense)		
Revaluation of non-current assets	<u>151,527</u>	<u>2,765,345</u>
9. Dividend Received	1,573,301	808,992
Included in this year's dividend is a once off share buy back dividend of approximately \$665,000.		
10. Income Tax Benefit	629,398	300,592
Included in this year's tax income benefit is a once off share buy back franking credit of approximately \$285,000.		
11. Cash Flow Statement Reconciliation		
(a) Reconciliation of the net profit (loss) to the net cash flows from operations		
Net Profit (Loss) After Tax	1,043,472	1,821,414
Changes in Assets & Liabilities		
(Increase)/Decrease in other receivables	(352,240)	2,286
Loss on Sale of Financial Assets	226,308	239,292
Net Cash In (Out) Flows from Operating Activities	<u>917,540</u>	<u>2,062,992</u>
(b) Reconciliation of cash and cash equivalents		
Cash at Bank	<u>9,187,059</u>	<u>8,336,926</u>

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

12. Income Tax

The University of Queensland Endowment Fund has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant to Section 50-B of the *Income Tax Assessment Act 1997*. Accordingly, no income tax has been provided for in these financial statements.

13. Financial Risk Management

(a) Financial Risk Management Objectives and Policies

The Trust's principal financial instruments are cash and short-term deposits. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset are disclosed in Note 2.

The Board reviews and agrees policies for managing each of these risks.

The main risks arising from the Trust's financial instruments are interest rate risk and liquidity risk.

(b) Interest Rate Risk

The Trust's exposure to the risk of changes in market interest rates relates primarily to the Trust's cash at bank and short-term deposits. These assets earn interest which approximates the Reserve Bank of Australia set base cash rate and the Board has resolved that the risk of rate change should not be hedged. The Trust has minimal exposure to interest rate risk at balance date.

As at 30 June 2019, the Trust had the following exposures to interest rate risk that are not designated in cash flow hedges:

At 30 June 2019, if interest rates had changed +/- ½% from the year end rates, with all other variables held constant, pre and post-tax profit for the year would have been \$45,935 higher/lower income from cash and cash equivalents.

(c) Liquidity risk

The Trust's objective is to maintain a balance between continuity of funding and flexibility. The Trust manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

13. Financial Risk Management (continued)

(d) Net Fair Values

The aggregate net fair values of financial assets and liabilities at balance date approximates to carrying values.

The Trust was not exposed to credit risk for the financial period ended 30 June 2019.

14. Fair Value of Financial Instruments

The Trust's financial assets and liabilities included in the Balance Sheet are carried at their fair values as disclosed by class of financial instruments or at amounts that approximate fair values.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Cash and cash equivalents: The carrying amount approximates fair values as they are short-term in nature or are receivable on demand.

Disclosed below is the fair value of the Trust's financial instruments.

Fair value: The Trust uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	Total carrying amount as per the Balance Sheet		Aggregate fair value	
	2019	2018	2019	2018
Financial Assets				
Cash and cash equivalents	9,187,059	8,336,926	9,187,059	8,336,926
Total Financial Assets	9,187,059	8,336,926	9,187,059	8,336,926

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

14. Fair Value of Financial Instruments (continued)

	Fair Value				Carrying Amount
2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	\$
Financial Assets					
Financial Investments	24,450,517			24,450,517	24,450,517
Total Financial Assets	24,450,517			24,450,517	24,450,517
	Fair Value				Carrying Amount
2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	\$
Financial Assets					
Financial Investments	24,457,764	-	-	24,457,764	24,457,764
Total Financial Assets	24,457,764	-	-	24,457,764	24,457,764

15. Auditors' Remuneration

	<u>2019</u>	<u>2018</u>
Audit Services	Nil	Nil
Other Services	Nil	Nil

16. Contingent Assets and Liabilities

At balance date, the Trust had no contingent assets or liabilities.

17. Commitments and Contingencies

At 30 June 2019, the trust had no commitments or contingencies.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

18. Related Party Transactions

Andrew Brice, Trustee Company Secretary, donated \$50,000 to The UQ Endowment Fund during the year.

Simon Fenwick, Trustee Company Director, donated \$50,000 to The UQ Endowment Fund during the year.

These amounts were donated to the Fund for the purposes of commissioning the Research Paper for the Young Achievers Programme through the Institute of Social Sciences Research.

19. Key Management Personnel

Details of key management personnel

(i) Directors

The following persons were Directors of UQ Endowment Fund Limited during the financial year.

Chairman –
D Goffage

Other Directors –
T Crommelin
S Hay
J Karlson
S Fenwick

(ii) Executives (other than Directors) with the greatest authority for planning, directing and controlling the activities of the Trust.

The following persons were the executives with the greatest authority for planning, directing and controlling of the Trust (key management personnel) during the financial year.

<u>Name</u>	<u>Position</u>
Andrew Brice	Company Secretary
Anthony Hallam	Accountant

20. Segment Reporting

The UQ Endowment Fund operates wholly in Australia in one segment, which is to provide opportunities for major benefactors to support academic programmes.

UQ ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019

21. Events After Balance Date

No matter or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

22. Trust Details

The principal place of business of the Trust is:

University of Queensland
St Lucia QLD 4072

There are no full-time employees of the Trust as at 30 June 2019.

UQ Endowment Fund

Statement of Service Performance for the Year ended 30 June 2019

The Fund provides endowment for the University to:

1. Have positive socio economic impacts from the distributions of money
2. Advance human capital by funding scholarships, Chairs of learning, research and any other activity that supports excellence in education at and for The University of Queensland.

An assessment of our service performance for each of the Fund's programs (concerns) that are funded by distribution of monies or by lobbying and influences requires a report on the outputs and the outcomes that the Fund is seeking to influence.

Young Achievers Program (YAP)

During the year, the Endowment Fund commissioned and paid for an assessment of the YAP by the Institute for Social Science Research (ISSR) within UQ. The brief was to:

- 1) help UQ identify scholarship strategy and where YAP fits within
- 2) identify some creative ways to improve the program to be considered outstanding on a world stage
- 3) feed into a broader social/economic impact analysis of YAP
- 4) set up YAP as a 'pilot program' that could be used to expand the equity agenda within UQ (e.g. a mentoring scheme or app developed for YAP could ultimately be rolled out for UQ as a whole).

A key basis for assessing the status of and opportunities for YAP is the acknowledgement that barriers for students from disadvantaged backgrounds can be ongoing and early intervention is more effective. In a HE context, this means addressing issues as much as possible prior to the participation stage, and earlier rather than later in the participation stage.

Another key basis for assessment is the acknowledgement that barriers represent in different ways for different people at different points in time.

Opportunities for evolving YAP to maximise intended outcomes are outlined below. Because various program components interact with one another, the evolution of YAP and the consideration of the below opportunities should be based on a holistic perspective, rather than on focusing on individual opportunities in isolation. Key emerging opportunities in twelve areas for YAP have been identified as follows:

- Review and potentially amend the recruitment process to guarantee fairness and transparency, and to maximise the achievement of YAP objectives
- Include a learning support component in all stages of the student life cycle to build academic skills.

- Update the financial and accommodation support components during the participation stage to minimise the need to work, to cover start-up costs more timely and to ensure fairness in granting such support.
- Combine YAP service components (existing, evolving and to be developed) with work opportunities for YAP UQ students (mentors, tutors).
- Further strengthen the employability dimension during the participation stage
- Increase flexibilities for students in the participation stage.
- Pro-actively cater for changes in program preferences during the participation stage, through ongoing career advice and related academic advising
- Expand the YAP Mentor and/or 'O to 4 program to cover the first year of study of YAP students at UQ.
- Actively facilitate and promote spaces and opportunities for creating informal relationships among YAPs during the participation stage.
- Develop a purpose-built YAP-specific technological tool (e.g. an app or a web portal)
- Further develop a pro-active (ongoing) needs assessment process
- Design and implement a monitoring and evaluation framework to improve the evidence base for the workings of YAP.

Realising the opportunities outlined above would result in raising YAP participants' academic capabilities throughout the student cycle. During the university participation stage, YAP students would also accumulate more social and cultural capital as well as benefit from more flexibility, and potentially improved material support. These changes should lead to improved HE attainment. After university, YAP graduates would benefit from higher levels of accrued employability attributes.

Further impacts from the proposed changes on YAP cohorts and society would emerge as a result of improved HE attainment and employability. Such impacts have been recognised to occur in the areas of health, crime, welfare and the economy. A key desired impact of realising the aforementioned opportunities would entail breaking the cycle of intergenerational disadvantage. However, societal impacts (seen here as relative to the impacts that YAP is currently having) would be dependent on the (absolute) size of the YAP intake growing or, at the minimum, being as large as currently.

Institutional impacts on UQ would be created by modifications of YAP operations to the extent that these have wider influence on UQ policies, student services and academic operations. These impacts could be in the direction of making UQ operations more equity focused/savvy. The suggested modifications to YAP would also generate more YAP students (and hence more equity students) who participate in HE studies at UQ and who graduate from UQ. However, these impacts would be conditional on the initial YAP intakes being, at a minimum, of consistent size relative to UQ's overall intake of students. These impacts would further increase proportionally with the increase of the initial YAP intake relative to UQ's overall intake of domestic students, and could lead to increased Government funding (as far as it is related to equity enrolment shares and retention figures).

More importantly, the resulting changes in the characteristics of the student and graduate population could interact with changes to YAP (and potentially UQ-wide) operations to influence campus, classroom and workplace cultures at UQ and evolve UQ's image towards an inclusive HE institution for people of all backgrounds with aspirations for and potential to succeed at university.

Pursuing the 'future directions' as proposed in this report will, in any case, improve the collective outcomes for those selected for YAP and their families. Despite this, institutional and wider societal impacts largely depend on the absolute and relative size of the YAP intake. In this sense, size of the program emerges as a key matter of strategic importance to achieving the wider YAP objectives as well as UQ objectives.

The TC Beirne School of Law Leadership Excellence and Diversity LEAD Scholarships

A proposal to improve student diversity within UQ's TC Beirne School of Law. The TC Beirne School of Law is providing support for school leavers from educationally disadvantaged and culturally diverse backgrounds with the overall aims of:

- Increasing the diversity of school leavers gaining admission and, in particular, the proportion of students who have experienced some form of educational disadvantage
- Building advocacy for the TC Beirne School of Law within the State secondary sector
- Enhancing the reputation and standing of the TC Beirne School of Law across Queensland's legal profession
- Establishing a strong scholarship brand and philanthropic support to ensure the sustainability of the program beyond 2021.

The LEAD Scholarship will help to make the University's prestigious, high cut-off law degree more accessible to young people who have experienced some form of education disadvantage. This includes, but is not limited to, initiatives that increase access and affordability for school leavers:

- From schools that have relatively low participation rates in higher education
- Who come from low income, Indigenous or refugee backgrounds
- Who will be the first in their family to attend University
- Who live and attend school in a rural or remote area of Australia.

Number of students started in 2017	6
Number of students remaining in program	4
Number of students started in 2018	8
Number of students remaining in program	8
Number of student started in 2019	TBA
Number of students remaining in program	12
Number of applicants for 2020	Round closes November 2019
Number of eligible applicants for 2020	TBD
Number of offers to be made	TBD

Funding Fellowships, Postgraduate Scholarships and Visiting Fellows

The Frank Finn Scholarships reward hard work and support continued academic excellence in the study of Commerce at The University of Queensland.

The Frank Finn Scholarships honour the lifelong commitment of Professor Frank Finn to the teaching of Commerce.

Awarded based on academic merit and financial need the Frank Finn Scholarships help the very best students complete their UQ Business School Commerce degree with a stronger focus on their studies.

There have been 2 Frank Finn Scholarships in 2019.

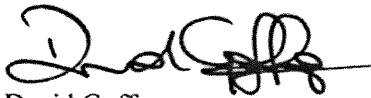
The Fund, in conjunction with the University, are developing a reporting framework that measures the financial and social impact (revenue) compared to the costs (actual and in kind) incurred. This requires defining rules, accounting standards and other factors to present a social and economic balance sheet (equity provided and net social economic benefit or deficiency from inception) and an annual benefit revenue and cost statement.

Statement by Trustee

In the opinion of the Trustee,

- a) The financial statements set out on pages 15-30 are drawn up so as to present fairly the financial position of the Trust as at 30 June 2019, and the income and expense of the trust for the year then ended;
- b) the financial statements have been prepared in accordance with Australian Accounting Standards, the provisions of the trust Deed, and relevant legislative requirements, and
- c) the Trust has operated in accordance with the Trust Deed and in compliance with guidelines issued by the Australian Taxation office during the year ended 30 June 2019.

Signed in accordance with a resolution of the Trustee: *15 January 2020.*



David Goffage
Chairman



Andrew Brice
Company Secretary



**Building a better
working world**

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Independent Auditor's Report to the Trustee of UQ Endowment Fund

Opinion

We have audited the financial report of UQ Endowment Fund (the Fund), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the statement by trustee.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

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

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

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

The directors are responsible for the other information. The other information comprises the information included in the annual 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, 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 Trustee Directors for the Financial Report

The directors of the Trustee are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors 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 are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



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

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

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in blue ink that reads 'Mike Reid' in a cursive style.

Mike Reid
Partner
Brisbane
15 January 2020