

APPENDIX 4D HALF-YEAR REPORT

Regal Investment Fund (ARSN 632 283 384) (the "Fund")

DETAILS OF REPORTING PERIOD

Current reporting period:	1 July 2021 to 31 December 2021
Previous corresponding period:	1 July 2020 to 31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

PERFORMANCE	HALF-YEAR ENDED 31 DECEMBER 2021 \$'000		HALF-YEAR ENDED 31 DECEMBER 2020 \$'000
Total investment income/(loss) (Revenue from ordinary activities)	103,162	Down 33% from	154,133
Operating profit/(loss) for the half-year	65,605	Down 37% from	104,452
Total comprehensive income/(loss) for the half-year	65,605	Down 37% from	104,452

DETAILS OF DISTRIBUTIONS

DISTRIBUTIONS ^{(1), (2), (3)}	RECORD DATE	PAYMENT DATE	AMOUNT PER UNIT (CPU)
Distribution – December 2021 (payable)	4 January 2022	31 January 2022	10.000
(1) On 23 December 2021 the Fund has announced the estimated details of its distribution for the six months ending 31 December 2021.			
(2) Subsequent to the current reporting period, on 14 January 2022, the Fund has announced the actual details of its six-monthly distribution and made a payment on 31 January 2022. DRP election date was 5 January 2022.			
(3) Includes estimated Franking Credits of 0.5348 Cents Per Unit.			

DETAILS OF DISTRIBUTIONS REINVESTMENT PLAN

The Responsible Entity established a distribution reinvestment plan (DRP) on 17 June 2019. An eligible unit holder may elect into the DRP by completing an election notice and sending it to the registry. An eligible member may elect to partially or fully participate in the DRP and is recorded on the register once the Responsible Entity has accepted the election.



On 9 July 2020, in accordance with the rules of the DRP (section 11), the Responsible Entity provided a notice of amendment to the DRP. The effect of change is to increase the period that the Responsible Entity has to purchase units on market for the DRP from up to 10 trading days to up to 20 trading days.

Under the DRP, the Responsible Entity has the discretion to determine whether new units will be issued, or existing units purchased on market. This is driven by the following:

- Where the market price is greater than or equal to the net asset value price, new units will be issued; or
- Where the market price is less than the net asset value price, existing units will be purchased on market.

Details on the DRP may be found at <https://www.regalfm.com/site/regal-investment-fund>

ON-MARKET BUY-BACKS

On 5 February 2021, the Responsible Entity in consultation with the Investment Manager, has exercised its discretion to commence a buy-back to purchase units on-market with a view to addressing any unsatisfied liquidity in the units or any material discount in the price at the which the units may have been trading to the NAV per unit.

The buy-back has been in accordance with the Constitution, ASX Listing Rules and all applicable laws. A buy-back will not exceed 10% of the smallest number of units on issue in the Fund during the 12 months prior to any buy-back, unless otherwise approved by ordinary resolution of unitholders.

Units purchased by the Responsible Entity under the buy-back will be immediately cancelled.

During the half-year ended 31 December 2021, there were no units purchased under the buy-back scheme due to the Fund share price trading at a premium to NAV per unit throughout the period. In February 2022 the buy-back was extended for an additional 12 months to 4 February 2023.

CAPITAL RAISING

On 8 October 2021 a Placement and Accelerated Institutional Entitlement Offer was announced on the ASX with a top up facility available. Unit holders who took up their Entitlement in full under the General Entitlement Offer, were able to apply for additional units in excess of the Entitlement by way of the Top-Up Facility.

Units issued under both the Placement and the Accelerated Institutional Entitlement Offer were issued at a price of \$3.79 per new unit, being equal to the estimated Net Asset Value of the Fund as at 1 October 2021. A total of 25,821,551 new units (\$97,863,678) were issued under the Placement and Accelerated Institutional Entitlement Offer using a record date of 8 October 2021, settlement date of 19 October 2021 and allotment and trading on 20 October 2021. An additional 30,201,382 new units (\$114,463,262) were issued under the General Entitlement Offer and Shortfall Placement. The new units commenced trading on ASX on 5 November 2021.

Total proceeds from the capital raisings (\$212,326,940), were used to invest into existing strategies as per the Fund's Product Disclosure Statement.

NET TANGIBLE ASSETS

	AS AT 31 DECEMBER 2021	AS AT 31 DECEMBER 2020
Total net tangible assets attributable to unit holders (\$'000)	653,072	377,173
Units on issue ('000)	171,929	101,849
Net tangible assets attributable to unit holders per unit (\$)	3.80	3.70



CONTROL GAINED OR LOST DURING THE PERIOD

There was no control gained or lost over entities by the Fund during the half-year ended 31 December 2021.

ASSOCIATES AND JOINT VENTURES ENTITIES

The Fund did not have any interest in associates and joint venture entities during the half-year ended 31 December 2021.

STATUTORY REVIEW

The interim report for the half-year ended 31 December 2021 has been reviewed by Ernst & Young and an unmodified review opinion has been issued.

COMMENTARY

Additional Appendix 4D disclosure requirements can be found in the financial report for the half-year ended 31 December 2021 which contains the Directors' report, the condensed financial statements and accompanying notes.

Philip Gentry, Director, Equity Trustees Limited, the Responsible Entity of Regal Investment Fund, has authorised that this document be given to the ASX.

REGAL INVESTMENT FUND

ARSN 632 283 384

CONDENSED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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CONDENSED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed financial report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made in respect of Regal Investment Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This condensed financial report covers Regal Investment Fund as an individual entity.

The Responsible Entity of Regal Investment Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, VIC 3000.

DIRECTORS' REPORT

The directors of Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975), the Responsible Entity of Regal Investment Fund (the "Fund"), present their report together with the condensed financial statements of the Fund for the half-year ended 31 December 2021. These condensed financial statements have been prepared as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Fund invests in alternative investment strategies managed by Regal Funds Management Pty Limited ("Regal"), in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund also uses derivatives for economic hedges.

The Fund did not have any employees during the half-year ended 31 December 2021.

There were no significant changes in the nature of the Fund's activities during the half-year ended 31 December 2021.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Regal Funds Management Pty Limited
Custodian and Administrator	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
Prime Brokers	UBS AG, Australia Branch Credit Suisse Securities (Europe) Ltd Merrill Lynch International Bank Ltd Morgan Stanley J.P Morgan
Statutory Auditor	Ernst & Young

Directors

The following persons held office as directors of Equity Trustees Limited during or since end of the half-year and up to the date of this report:

Philip D Gentry	Chairman Company Secretary (resigned 5 January 2022)
Michael J O'Brien	
Russell W Beasley	
Samantha Einhart	Company Secretary (appointed 5 January 2022)

Review and results of operations

During the half-year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 15.17% (net of fees) for the half-year ended 31 December 2021. The Fund's benchmark, the RBA Cash Rate, returned 0.05% for the same period.

DIRECTORS' REPORT (CONTINUED)

Review and results of operations (continued)

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

	Half-year ended	
	31 December 2021	31 December 2020
Profit/(loss) for the half-year (\$'000)	65,605	104,452
Distributions paid and payable (\$'000)	17,193	5,092
Distributions (cents per unit)	10.0000	5.0000

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 Fund that occurred during the half-year ended 31 December 2021.

Covid-19 disclosure

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time as new variants of COVID-19 emerge. There continues to be increased financial market volatility and corresponding fluctuations in the fair value of the Fund's investment portfolio. There is still uncertainty around the continued impact of COVID, the potential for further outbreaks both in Australia and around the world.

The Responsible Entity and Investment Manager continue to monitor the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Fund. The Investment Manager however, actively manages the financial risks that the Fund is exposed to, and the Net Asset Values of the Fund continue to be valued in accordance with the frequency set out in the Fund's Product Disclosure Statement, applying valuation policies reflective of the prevailing market conditions.

Units buy-back plan

During the half-year ended 31 December 2021, the Fund has not purchased on-market and cancelled units (31 December 2020: 4,607,434 units at a cost of \$13,603,446).

Capital raising

On 8 October 2021 a Placement and Accelerated Institutional Entitlement Offer was announced on the ASX with a top up facility available. Unit holders who took up their Entitlement in full under the General Entitlement Offer, were able to apply additional units in excess of the Entitlement by way of the Top-Up Facility.

Units issued under both the Placement and the Accelerated Institutional Entitlement Offer were issued at a price of \$3.79 per new unit, being equal to the estimated Net Asset Value of the Fund as at 1 October 2021. A total of 25,821,551 new units (\$97,863,678) were issued under the Placement and Accelerated Institutional Entitlement Offer using a record date of 8 October 2021, settlement date of 19 October 2021 and allotment and trading on 20 October 2021. An additional of 30,201,382 new units (\$114,463,262) were issued under the General Entitlement Offer and Shortfall Placement. The new units commenced trading on ASX on 5 November 2021.

Total proceeds from the capital raisings (\$212,326,940), were used to invest into existing strategies as per the Fund's Product Disclosure Statement.

DIRECTORS' REPORT (CONTINUED)

Matters subsequent to the end of the financial period

On 5 January 2022, Philip D Gentry resigned as Company Secretary of Equity Trustees Limited, Samantha Einhart was appointed as Company Secretary as at the same date.

At the time of signing these financial statements, there is an increased level of global uncertainty associated with the conflict in Ukraine. The impacts of the Ukraine conflict are not yet known but are likely to result in increased market and economic volatility, which may in turn have an impact on the Fund.

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *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 of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
28 February 2022



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Auditor's independence declaration to the directors of Equity Trustees Limited as responsible entity for Regal Investment Fund

As lead auditor for the review of the half-year financial report of Regal Investment Fund for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink that reads 'Jaddus M Manga'.

Jaddus Manga
Partner
28 February 2022

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Half-year ended	
		31 December 2021 \$'000	31 December 2020 \$'000
Investment income			
Interest income from financial assets at amortised cost		15	73
Dividend income		9,001	4,799
Net gains/(losses) on financial instruments at fair value through profit or loss		92,329	148,270
Net foreign exchange gain/(loss)		(1,050)	(1,671)
Other income	12	2,867	2,662
Total investment income/(loss)		103,162	154,133
Expenses			
Investment Manager fees	14(g)	20,517	29,011
Dividend expense on short positioned securities		2,840	2,835
Interest expense		1,359	1,246
Transaction fees		9,329	12,644
Responsible Entity fees	14(g)	105	75
Auditor's remuneration		43	50
Other expenses	13	3,364	3,820
Total expenses		37,557	49,681
Profit/(loss) for the half-year		65,605	104,452
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) for the half-year		65,605	104,452
Basic and diluted earnings per unit (cents per unit)	8	48.09	100.92

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at	
		31 December 2021 \$'000	30 June 2021 \$'000
Assets			
Cash and cash equivalents		1,304	1,177
Due from brokers		141,397	198,045
Receivables	10	12,380	60,059
Financial assets at fair value through profit or loss	3(c),4	1,142,308	591,256
Total assets		1,297,389	850,537
Liabilities			
Due to brokers		247,375	176,862
Distributions payable	7,9	17,193	102,448
Payables	11	21,389	22,461
Financial liabilities at fair value through profit or loss	3(c),5	358,360	205,806
Total liabilities		644,317	507,577
Net assets attributable to unit holders – equity		653,072	342,960

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Half-year ended	
		31 December	31 December
		2021	2020
		\$'000	\$'000
Total equity at the beginning of the half-year		342,960	291,421
Comprehensive income/(loss) for the half-year			
Profit/(loss) for the half-year		65,605	104,452
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss)		65,605	104,452
Transactions with unit holders			
Applications	7	212,327	-
Units buy-back	7	-	(13,603)
Units buy-back for distribution reinvestment	7	-	(4,315)
Reinvestment of distributions	7	49,373	4,310
Distributions paid and payable	7,9	(17,193)	(5,092)
Total transactions with unit holders		244,507	(18,700)
Total equity at the end of the half-year		653,072	377,173

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

CONDENSED STATEMENT OF CASH FLOWS

	Half-year ended	
	31 December	31 December
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	4,403,055	5,907,018
Payments for purchase of financial instruments at fair value through profit or loss	(4,592,073)	(5,855,929)
Interest income received from financial assets at amortised cost	15	130
Dividends and distributions income received	66,723	13,997
Other income received	2,834	2,161
Investment Manager fees paid	(23,869)	(7,147)
Dividend expense paid on short position securities	(2,944)	(3,508)
Interest expense paid	(1,246)	(1,249)
Transaction fees paid	(9,073)	(12,673)
Responsible Entity fees paid	(82)	(102)
Auditors' remuneration paid	(82)	(47)
Other expenses paid	(1,333)	(193)
Net cash inflow/(outflow) from operating activities	(158,075)	42,458
Cash flows from financing activities		
Proceeds from applications by unit holders	212,327	-
Payments for units buy-back for distribution reinvestment	-	(4,315)
Payments for units buy-back	-	(13,913)
Distributions paid to unit holders	(53,075)	(15,480)
Net cash inflow/(outflow) from financing activities	159,252	(33,708)
Net increase/(decrease) in cash and cash equivalents	1,177	8,750
Cash and cash equivalents at the beginning of the half-year	1,177	2,442
Effect of foreign currency exchange rate changes on cash and cash equivalents	(1,050)	(1,671)
Cash and cash equivalents at the end of the half-year	1,304	9,521
Non-cash operating and financing activities		
Issue of units under the distribution reinvestment plan	49,373	4,310

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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1 GENERAL INFORMATION

These condensed financial statements cover Regal Investment Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 15 March 2019, registered with the Australian Securities and Investments Commission (ASIC) on 26 March 2019 and commenced operations on 29 April 2019. The Fund will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Fund was listed on the Australian Securities Exchange (ASX) on 17 June 2019 and is quoted under ticker code: RF1.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The condensed financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in alternative investment strategies managed by Regal Funds Management Pty Limited in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time as new variants of COVID-19 emerge. There continues to be increased financial market volatility and corresponding fluctuations in the fair value of the Fund's investment portfolio. There is still uncertainty around the continued impact of COVID, the potential for further outbreaks both in Australia and around the world.

The Responsible Entity and Investment Manager continue to monitor the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Fund. The Investment Manager however, actively manages the financial risks that the Fund is exposed to, and the Net Asset Values of the Fund continue to be valued in accordance with the frequency set out in the Fund's Product Disclosure Statement, applying valuation policies reflective of the prevailing market conditions.

The condensed financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the condensed financial statements.

2 BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors are satisfied that the Fund has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Significant accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied to the Fund's annual financial statements for the year ended 30 June 2021.

i. New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 BASIS OF PREPARATION (CONTINUED)

ii. *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been early adopted in preparing these condensed financial statements.

None of these are expected to have a material effect on the condensed financial statements of the Fund.

3 FAIR VALUE MEASUREMENT

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 4 and Note 5)

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

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the condensed financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The Fund continues to determine net asset values with the frequency as set out in the Product Disclosure Statement, consistently applying valuation policies and reflective of prevailing market conditions.

The Fund and its unlisted unit trust invests into pre-IPO positions and private off take agreements. In determining fair value, there are a number of unobservable inputs including assessments of the current liquidity of capital markets, an assessment of the time until the investments will be ready to IPO, including viability of the business model in the COVID-19 environment, and forward looking economic factors commodity prices. The valuation inputs are estimates based on the circumstances prevailing at balance date and may materially change depending on future economic conditions and other factors specific to the individual investments and consequently the fair value could change significantly over time.

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

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the last traded price; the quoted market price for financial liabilities is the last traded price.

3 FAIR VALUE MEASUREMENT (CONTINUED)

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

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

b. Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and financial liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Fund uses widely recognised valuation models for determining fair values of over-the-counter equity swaps and forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates. For these financial instruments, significant inputs into models are market observable and are included within level 2.

The Fund held investments that have been categorised within level 3 of the fair value hierarchy as at 31 December 2021 and 30 June 2021. Fair values for investment securities that do not have quoted prices in active markets are derived using a valuation policy that mandates the use of the price of recent investment techniques where the date of the investment is considered sufficiently proximate to the reporting date for the price on investment to remain indicative of the fair value at the reporting date.

Unlisted unit trusts are recorded at the Net Asset Value per units as reported by the underlying administrator.

At 31 December 2021 and 30 June 2021, investments classified within level 3 have significant unobservable inputs as they are infrequently traded. Level 3 investments consist mainly of unlisted, delisted, pre-IPO equity securities and the rest are suspended securities. As observable prices are not available for these securities, the Investment Manager has used valuation techniques to derive fair value.

3 FAIR VALUE MEASUREMENT (CONTINUED)

c. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2021 and 30 June 2021.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2021				
Financial assets				
Equities	964,083	-	10,562	974,645
Unlisted unit trusts	-	-	164,931	164,931
Warrants	-	106	-	106
Swaps	-	1,507	-	1,507
Futures contracts	1,119	-	-	1,119
Forward currency contracts	-	-	-	-
Total financial assets	965,202	1,613	175,493	1,142,308
Financial liabilities				
Equities	355,774	-	28	355,802
Swaps	-	2,505	28	2,533
Futures contracts	25	-	-	25
Forward currency contracts	-	-	-	-
Total financial liabilities	355,799	2,505	56	358,360
As at 30 June 2021				
Financial assets				
Equities	475,653	-	2,272	477,925
Unlisted unit trusts	-	-	108,336	108,336
Warrants	-	345	-	345
Swaps	-	4,508	-	4,508
Futures contracts	105	-	-	105
Forward currency contracts	-	37	-	37
Total financial assets	475,758	4,890	110,608	591,256
Financial liabilities				
Equities	202,207	10	-	202,217
Swaps	-	3,083	101	3,184
Futures contracts	302	-	-	302
Forward currency contracts	-	103	-	103
Total financial liabilities	202,509	3,196	101	205,806

3 FAIR VALUE MEASUREMENT (CONTINUED)

d. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The following table presents the transfers between levels at the end of the reporting period.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
As at 31 December 2021			
Transfer between levels 1 and 3	10,389	-	(10,389)
Transfer between levels 2 and 3	-	-	-
As at 30 June 2021			
Transfer between levels 1 and 3	(859)	-	859
Transfer between levels 2 and 3	-	(12)	12

e. Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the half-year ended 31 December 2021 by class of financial instrument.

Financial assets	Equities \$'000	Unlisted unit trusts \$'000	Swaps \$'000	Total \$'000
Opening balance – 30 June 2020	2,264	86,067	-	88,331
Transfer into/(out) from level 3	859	-	-	859
Purchases	5,874	3,636	-	9,510
Sales	(9,914)	-	-	(9,914)
Unrealised gains/(losses) recognised in the condensed statement of comprehensive income	2,125	18,633	-	20,758
Realised gains/(losses) recognised in the condensed statement of comprehensive income	1,064	-	-	1,064
Closing balance – 30 June 2021*	2,272	108,336	-	110,608
Transfer into/(out) from level 3	(10,061)	-	-	(10,061)
Purchases	20,929	35,078	-	56,007
Sales	(691)	-	-	(691)
Unrealised gains/(losses) recognised in the condensed statement of comprehensive income	(1,622)	21,517	-	19,895
Realised gains/(losses) recognised in the condensed statement of comprehensive income	(265)	-	-	(265)
Closing balance – 31 December 2021*	10,562	164,931	-	175,493

3 FAIR VALUE MEASUREMENT (CONTINUED)

e. Fair value measurements using significant unobservable inputs (level 3) (continued)

Financial liabilities	Equities \$'000	Unlisted unit trusts \$'000	Swaps \$'000	Total \$'000
Opening balance – 30 June 2020	(2,205)	-	-	(2,205)
Transfer (into)/out from level 3	-	-	12	12
Purchases	420	-	65	485
Sales	-	-	(3,586)	(3,586)
Unrealised gains/(losses) recognised in the condensed statement of comprehensive income	(448)	-	(113)	(561)
Realised gains/(losses) recognised in the condensed statement of comprehensive income	2,233	-	3,521	5,754
Closing balance – 30 June 2021*	-	-	(101)	(101)
Transfer (into)/out from level 3	(328)	-	-	(328)
Purchases	336	-	-	336
Sales	(1)	-	(630)	(631)
Unrealised gains/(losses) recognised in the condensed statement of comprehensive income	106	-	73	179
Realised gains/(losses) recognised in the condensed statement of comprehensive income	(141)	-	630	489
Closing balance – 31 December 2021*	(28)	-	(28)	(56)

* Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period

3 FAIR VALUE MEASUREMENT (CONTINUED)

e. Fair value measurements using significant unobservable inputs (level 3) (continued)

i. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements for the half-year ended 31 December 2021. See Note 3(b) above for the valuation techniques adopted.

Description	Fair value \$'000	Valuation technique	Unobservable inputs	Range of inputs (probability- weighted average) \$	Relationship of unobservable inputs to fair value \$'000
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As at 31 December 2021

Financial assets

Equities	10,562	Recent transaction price	Unquoted share price	0.7500 to 0.7500	10% increase in the unit price would result in an increase in fair value by 1,056 and 10% decrease in the unit price would result in a decrease in fair value by 1,056.
Unlisted unit trusts	164,931 <u>175,493</u>	Net asset value (NAV)	NAV per unit	0.9628 to 2.4710	10% increase in the NAV per unit would result in an increase in fair value by 16,493 and 10% decrease in the NAV per unit would result in a decrease in fair value by 16,493.

As at 31 December 2021

Financial liabilities

Equities	28	Recent transaction price	Unquoted share price	1.1300 to 1.1300	10% increase in the unit price would result in an increase in fair value by 3 and 10% decrease in the unit price would result in a decrease in fair value by 3.
Swaps	28 <u>56</u>	Recent transaction price	Unquoted share price	0.0200 to 3.2400	10% increase in the unit price would result in an increase in fair value by 3 and 10% decrease in the unit price would result in a decrease in fair value by 3.

3 FAIR VALUE MEASUREMENT (CONTINUED)

e. Fair value measurements using significant unobservable inputs (level 3) (continued)

i. Valuation inputs and relationships to fair value (continued)

Description	Fair value \$'000	Valuation technique	Unobservable inputs	Range of inputs (probability- weighted average) \$	Relationship of unobservable inputs to fair value \$'000
As at 30 June 2021					
Financial assets					
Equities	2,272	Recent transaction price	Unquoted share price	0.0500 to 15.6014	10% increase in the unit price would result in an increase in fair value by 227 and 10% decrease in the unit price would result in a decrease in fair value by 227.
Unlisted unit trusts	<u>108,336</u> <u>110,608</u>	Net asset value (NAV)	NAV per unit	1.1000 to 2.0382	10% increase in the NAV per unit would result in an increase in fair value by 10,834 and 10% decrease in the NAV per unit would result in a decrease in fair value by 10,834.
As at 30 June 2021					
Financial liabilities					
Equities	-	Recent transaction price	Unquoted share price	0.0500 to 0.0500	10% increase in the unit price would result in an increase in fair value by nil and 10% decrease in the unit price would result in a decrease in fair value by nil.
Swaps	<u>101</u> <u>101</u>	Recent transaction price	Unquoted share price	0.0199 to 3,689.6437	10% increase in the unit price would result in an increase in fair value by 10 and 10% decrease in the unit price would result in a decrease in fair value by 10.

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

3 FAIR VALUE MEASUREMENT (CONTINUED)

e. Fair value measurements using significant unobservable inputs (level 3) (continued)

ii. Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

f. Financial instruments not carried at fair value

The carrying value of cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 December 2021 \$'000	30 June 2021 \$'000
Equities	974,645	477,925
Unlisted unit trusts	164,931	108,336
Warrants	106	345
Swaps	1,507	4,508
Futures contracts	1,119	105
Forward currency contracts	-	37
Total financial assets at fair value through profit or loss	1,142,308	591,256

5 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 December 2021 \$'000	30 June 2021 \$'000
Equities	355,802	202,217
Swaps	2,533	3,184
Futures contracts	25	302
Forward currency contracts	-	103
Total financial liabilities at fair value through profit or loss	358,360	205,806

6 INVESTMENT IN MANAGED INVESTMENT SCHEMES

The Fund invests in Managed Investment Schemes (the "Schemes") for the purpose of capital appreciation and or earning investment income.

The exposure to investments in related party Schemes at fair value, and any related party amounts recognised in the statement of comprehensive income, is disclosed at Note 14 to the condensed financial statements.

The fair value of the Schemes is included as unlisted unit trusts in financial assets at fair value through profit or loss in the statement of financial position.

The Fund's maximum exposure to loss from its interest in the Schemes is equal to the fair value of its investments in the Schemes as there are no off-balance sheet exposures relating to any of the Schemes. Once the Fund has disposed of its units in a Scheme it ceases to be exposed to any risk from that Scheme.

During the half-year ended 31 December 2021, total gains/(losses) incurred on investments in the Schemes were \$21,517,146 (2020: \$29,596,941). The Fund also earned nil distribution income during the year (2020: Nil) as a result of its interests in the Schemes.

7 NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS – EQUITY

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's units are classified as equity as they meet the definition of a financial liability to be classified as equity.

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

	Half-year ended		Half-year ended	
	31 December	31 December	31 December	31 December
	2021	2021	2020	2020
	Units '000	\$'000	Units '000	\$'000
Opening balance	101,320	342,960	106,456	291,421
Applications	56,023	212,327	-	-
Units buy-back	-	-	(4,607)	(13,603)
Units buy-back for distribution reinvestment	-	-	(1,684)	(4,315)
Reinvestment of distributions	14,586	49,373	1,684	4,310
Distributions paid and payable	-	(17,193)	-	(5,092)
Profit/(loss) for the half-year	-	65,605	-	104,452
Closing balance	171,929	653,072	101,849	377,173

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units buy-back plan

During the half-year ended 31 December 2021, the Fund has not purchased on-market and cancelled units (31 December 2020: 4,607,434 units at a cost of \$13,603,446).

7 NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS – EQUITY (CONTINUED)

Capital raising

On 8 October 2021 a Placement and Accelerated Institutional Entitlement Offer was announced on the ASX with a top up facility available. Unit holders who took up their Entitlement in full under the General Entitlement Offer, were able to apply additional units in excess of the Entitlement by way of the Top-Up Facility.

Units issued under both the Placement and the Accelerated Institutional Entitlement Offer were issued at a price of \$3.79 per new unit, being equal to the estimated Net Asset Value of the Fund as at 1 October 2021. A total of 25,821,551 new units (\$97,863,678) were issued under the Placement and Accelerated Institutional Entitlement Offer using a record date of 8 October 2021, settlement date of 19 October 2021 and allotment and trading on 20 October 2021. An additional of 30,201,382 new units (\$114,463,262) were issued under the General Entitlement Offer and Shortfall Placement. The new units commenced trading on ASX on 5 November 2021.

Total proceeds from the capital raisings (\$212,326,940), were used to invest into existing strategies as per the Fund's Product Disclosure Statement.

8 BASIC AND DILUTED EARNINGS PER UNIT

	Half-year ended	
	31 December 2021	31 December 2020
Profit/(loss) attributable to unit holders (\$'000)	65,605	104,452
Weighted average number of units on issue ('000)	136,422	103,499
Basic and diluted earnings per unit (cents per unit)	48.09	100.92

9 DISTRIBUTIONS TO UNIT HOLDERS

The distributions declared during the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2021 \$'000	31 December 2021 CPU	31 December 2020 \$'000	31 December 2020 CPU
Distributions				
December (payable)	17,193	10.0000	5,092	5.0000
Total distributions	17,193	10.0000	5,092	5.0000

10 RECEIVABLES

	As at	
	31 December 2021 \$'000	30 June 2021 \$'000
Interest receivable	1	-
Dividends receivable from long positions	470	58,191
RITC refund receivable	1,611	1,546
Other receivables	10,298	322
Total receivables	12,380	60,059

11 PAYABLES

	As at	
	31 December 2021 \$'000	30 June 2021 \$'000
Management fees payable	1,941	1,895
Performance fees payable	18,083	19,429
Responsible Entity fees payable	68	34
Dividend payable from short positions	318	423
Auditors' remuneration payable	72	76
Transaction fees payable	555	298
Interest payable	249	135
Withholding tax payable	87	139
Accounting fees payable	-	9
GST payable	2	-
Other payables	14	23
Total payables	21,389	22,461

12. OTHER INCOME

	Half-year ended	
	31 December 2021 \$'000	31 December 2020 \$'000
RITC income	1,912	2,464
Rebate income	24	12
Underwriting fee income	214	110
Capital gains tax income	-	74
Other income	717	2
Total other income	2,867	2,662

13 OTHER EXPENSES

	Half-year ended	
	31 December	31 December
	2021	2020
	\$'000	\$'000
GST expenses	2,069	2,921
Dividend withholding tax expense	1,156	789
Withholding tax expense	3	26
Other fees	136	84
Total other expenses	3,364	3,820

14 RELATED PARTY TRANSACTIONS

The Responsible Entity of Regal Investment Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to the Responsible Entity are disclosed below.

The Responsible Entity has contracted services to Regal Funds Management Pty Limited, to act as Investment Manager for the Fund and The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

Key management personnel include Equity Trustees Limited and persons who are directors of Equity Trustees Limited at any time during or since the end of the period and up to the date of this report.

Philip D Gentry	Chairman
	Company Secretary (resigned 5 January 2022)
Michael J O'Brien	
Russell W Beasley	
Samantha Einhart	Company Secretary (appointed 5 January 2022)

(ii) Responsible Entity

Other than the fees paid to the Responsible Entity, there were no other transactions.

(iii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the reporting period.

(b) Transactions with key management personnel

The following transactions occurred with key management personnel during the reporting period:

	Half-year ended	
	31 December	31 December
	2021	2020
	\$	\$
Purchase of units	341,100	198,400
Total	341,100	198,400

14 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel unit holdings

Key management personnel held units in the Fund, as follows:

Unit holder	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 \$
As at 31 December 2021						
Platinum Cat Pty Ltd						
ATF for Platinum						
Cat Superfund	8,000	8,000	0.0047	-	-	800
Michael J O'Brien	160,000	250,000	0.1454	90,000	-	25,000
Russell W Beasley	1	1	-	-	-	-
Unit holder						
As at 30 June 2021						
Platinum Cat Pty Ltd						
ATF for Platinum						
Cat Superfund*	8,000	8,000	0.0080	-	-	8,489
Harvey H Kalman**	7,690	-	-	-	7,690	-
Michael J O'Brien	80,000	160,000	0.1580	80,000	-	169,780
Russell W Beasley	1	1	-	-	-	1

*Philip D Gentry is a member of the Platinum Cat Superfund.

**Harvey H Kalman ceased to be a related party on 1 September 2020 once he resigned as a Director of the Responsible Entity and therefore any interest he may have in the Fund in the current period are no longer presented as a related party transaction.

(d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel and are not related to services that directors render to individual funds.

(e) Key management personnel loan disclosures

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

(f) 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 reporting period and there were no material contracts involving management personnel's interests existing at period end.

(g) Responsible Entity fees, Investment Manager fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees. The Investment Manager is also entitled to performance fees.

14 RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Responsible Entity fees, Investment Manager fees and other transactions (continued)

The transactions during the reporting period and amounts payable at period end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Half-year ended	
	31 December 2021	31 December 2020
	\$	\$
Management fees for the half-year	4,077,958	2,818,963
Performance fees for the half-year	16,438,917	26,192,152
Responsible Entity fees for the half-year	104,953	75,175
Management fees payable at half-year end	1,940,610	1,119,141
Performance fees payable at half-year end	18,082,809	28,811,367
Responsible Entity fees payable at half-year end	67,992	29,858

The performance fee will be calculated and accrued at least monthly and is payable at the end of each performance period in arrears. Performance periods are typically six months in duration and end on 30 June or 31 December. The performance fee of 20% (plus GST) of the amount by which the portfolio's outperformance against the RBA cash rate subject to a high water mark will be calculated and accrued at least monthly.

The Investment Manager is entitled to receive a management fee totalling 1.50% per annum (or 1.54% inclusive of GST less RITC) of the Fund's net assets attributable to unit holders (before the management fees and accrued but unpaid performance fees). The management fee is calculated and accrued at least monthly and are payable monthly in arrears by the Fund.

(h) Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Fund, as follows:

	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 \$
Unit holder						
As at						
31 December 2021						
Equity Trustees Superannuation Limited <AMG Super> and <Acclaim Super> Regal Funds Management Pty Limited	310,356	518,335	0.3015	247,229	39,250	52,100
	196,746	227,895	0.1326	31,149	-	22,790
Unit holder						
As at						
30 June 2021						
Equity Trustees Superannuation Limited <AMG Super> and <Acclaim Super> Regal Funds Management Pty Limited	192,570	310,356	0.3060	191,663	73,877	324,388
	-	196,746	0.1940	196,746	-	198,935

14 RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Investments

The Fund held investments in EQT Holdings Limited as the parent of Equity Trustees Limited and other schemes managed by the Investment Manager during the reporting period as follows.

	Number of units held opening	Number of units held closing	Interest held %	Distributions earned \$	Distributions receivable \$	Number of units acquired	Number of units disposed
As at							
31 December 2021							
EQT Holdings Limited	-	114,864	0.55	16,519	-	118,854	3,990
Regal Emerging Companies Fund III	50,994,042	50,994,042	55.17	-	-	-	-
Regal Emerging Companies Opportunities Fund	-	29,880,478	5.55	-	-	29,880,478	-
As at							
30 June 2021							
EQT Holdings Limited	56,249	-	-	14,246	-	-	56,249
Regal Emerging Companies Fund III	50,994,042	50,994,042	54.21	57,296,906	57,296,906	-	-

15 OPERATING SEGMENTS

The Fund is organised into one main operating segment with only one key function, being the investment of funds internationally. It operates predominantly in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 3 Fair Value Measurement.

16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

From the end of the reporting period up to the date of this report, the Fund has purchased on-market and cancelled 377,075 units at a cost of \$1,349,146.

No other significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2021 or on the results and cash flows of the Fund for the half-year ended on that date.

17 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There were no outstanding contingent assets, liabilities or commitments as at 31 December 2021 and 30 June 2021.

DIRECTORS' DECLARATION

In the opinion of the directors of the Responsible Entity:

- a. The condensed financial statements and notes set out on pages 6 to 26 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian 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 December 2021 and of its performance for the half-year ended on that date.
- b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Philip D Gentry
Chairman

Melbourne
28 February 2022



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Independent auditor's review report to the unitholders of Regal Investment Fund

Conclusion

We have reviewed the accompanying half-year financial report of Regal Investment Fund (the "Fund") which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the half-year 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 determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young
Ernst & Young

Jaddus M B Manga Neto

Jaddus Manga
Partner
Sydney
28 February 2022