

Smarter Money Long-Short Credit Fund

ARSN 617 838 543

Annual report

For the period 22 March 2017 to 30 June 2018

Smarter Money Long-Short Credit Fund

ARSN 617 838 543

Annual report

For the period 22 March 2017 to 30 June 2018

Contents

Directors' report

Auditor's independence declaration

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Directors' declaration

Independent auditor's report to the unit holders of Smarter Money Long-Short Credit Fund

This annual report covers Smarter Money Long-Short Credit Fund as an individual entity.

The Responsible Entity of Smarter Money Long-Short Credit Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271).

The Responsible Entity's registered office is:
Level 1, 575 Bourke Street,
Melbourne, Victoria 3000.

Directors' report

The Directors of EQT Responsible Entity Services Ltd, the Responsible Entity of Smarter Money Long-Short Credit Fund ("the Fund"), present their report together with the financial statements of the Fund for the period ended 30 June 2018.

Principal activities

The Fund was constituted on 17 February 2017, registered with the Australian Securities and Investments Commission on 22 March 2017 and commenced operations on 31 August 2017.

The Fund invests primarily in senior and subordinated debt securities, hybrids and derivatives issued by Australian entities domestically and overseas, although it can also invest in these types of securities when they are issued by overseas entities (into the Australian market or offshore) in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the period.

There were no significant changes in the nature of the Fund's activities during the period.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	EQT Responsible Entity Services Ltd*
Investment Manager	Smarter Money Investments Pty Limited
Custodian and Administrator	Mainstream Fund Services Pty Ltd
Statutory Auditor	Ernst & Young

*On 29 March 2018, EQT Holdings Limited acquired OneVue RE Services Limited, the Responsible Entity of the Fund. On 3 April 2018, OneVue RE Services Limited changed its name to EQT Responsible Entity Services Ltd.

Directors

The following persons held office as Directors of OneVue RE Services Limited from 22 March 2017 to 29 March 2018.

Nigel Cameron Stokes
Karen Nita Gibson
Robert Joseph Brown (resigned 6 June 2017)
Alexander Wise
Vincent Leo Plant

The following persons held office as Directors of EQT Responsible Entity Services Ltd from 29 March 2018 and up to the date of this report.

Philip D Gentry Chairman
Harvey H Kalman
Travis R Goudie

Review and results of operations

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

The Fund's performance was 2.06% (net of fees) for the year ended 30 June 2018. The Fund's benchmark, the Reserve Bank of Australia's (RBA's) cash rate returned 1.50% 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:

	For the period 22 March 2017 to 30 June 2018 \$'000
Operating profit/(loss) for the period (\$'000)	796
Distributions paid and payable (\$'000)	1,941
Distributions (cents per unit)	2.73

Significant changes in state of affairs

The Fund has amended its Constitution to change the obligation to distribute trust income to unit holders effective 1 July 2017 as part of a process to become eligible to elect into the new Attribution Managed Investment Trust ("AMIT") tax regime.

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

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may have a significant affect on:

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

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

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

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of EQT Responsible Entity Services Ltd. So long as the officers of EQT Responsible Entity Services Ltd act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

Directors' report (continued)

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

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in Note 17 of the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are disclosed in Note 17 of the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 10 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 of the financial statements.

Environmental regulation

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

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.

Comparatives

This is the first period of operations of the Fund and hence there are no prior period comparatives.

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 EQT Responsible Entity Services Ltd through a delegated authority given by the EQT Responsible Entity Services Ltd's Board.



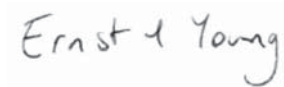
Philip D Gentry
Chairman

Melbourne
26 September 2018

Auditor's Independence Declaration to the unitholders of Smarter Money Long-Short Credit Fund

As lead auditor for the audit of Smarter Money Long-Short Credit Fund for the period 22 March 2017 to 30 June 2018, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rohit Khanna
Partner
Sydney
26 September 2018

Statement of comprehensive income

	Note	For the period 22 March 2017 to 30 June 2018 \$'000
Investment income		
Interest income		3,705
Net foreign exchange gain/(loss)		(65)
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	(1,009)
Other income		10
Total investment income/(loss)		<u>2,641</u>
Expenses		
Interest expense		945
Management fees	17	567
Performance fees	17	200
Expense recovery fees	17	113
Transaction costs		20
Total expenses		<u>1,845</u>
Operating profit/(loss) for the period		<u>796</u>
Other comprehensive income		-
Total comprehensive income for the period		<u>796</u>

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

Statement of financial position

	Note	As at 30 June 2018 \$'000
Assets		
Cash and cash equivalents	12	1,309
Receivables	14	1,151
Due from brokers - receivable for securities sold		529
Financial assets held at fair value through profit or loss	7	<u>261,748</u>
Total assets		<u>264,737</u>
Liabilities		
Distributions payable	11	959
Payables	15	166
Due to brokers – payable for securities purchased		10,245
Financial liabilities held at fair value through profit or loss	8	<u>160,960</u>
Total liabilities		<u>172,330</u>
Net assets attributable to unit holders - equity	10	<u>92,407</u>

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

Statement of changes in equity

	Note	For the period 22 March 2017 to 30 June 2018 \$'000
Total equity at the beginning of the financial period		-
Comprehensive income for the period		
Profit/(loss) for the period	10	796
Other comprehensive income		-
Total comprehensive income		<u>796</u>
Transactions with unit holders		
Applications	10	104,243
Redemptions	10	(11,212)
Reinvestment of distributions	10	521
Distributions paid and payable	10	(1,941)
Total transactions with unit holders		<u>91,611</u>
Total equity at the end of the financial period		<u>92,407</u>

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

Statement of cash flows

	Note	For the period 22 March 2017 to 30 June 2018 \$'000
Cash flows from operating activities		
Proceeds from sales of financial instruments held at fair value through profit or loss		236,374
Purchase of financial instruments held at fair value through profit or loss		(328,455)
Net foreign exchange gain/(loss)		(65)
Interest income received		2,568
Other income received		10
Interest expense paid		(945)
Management fees paid		(476)
Performance fees paid		(150)
Expense recovery fees paid		(88)
Other expenses paid		(34)
Net cash inflow/(outflow) from operating activities	13 (a)	<u>(91,261)</u>
Cash flows from financing activities		
Proceeds from applications by unit holders		104,243
Payments for redemptions by unit holders		(11,212)
Distributions paid to unit holders		(461)
Net cash inflow/(outflow) from financing activities		<u>92,570</u>
Net increase/(decrease) in cash and cash equivalents		1,309
Cash and cash equivalents at the beginning of the period		-
Effect of foreign currency exchange rate change on cash and cash equivalents		-
Cash and cash equivalents at the end of the period	12	<u>1,309</u>
Non-cash operating and financing activities	13 (b)	521

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

Notes to the financial statements

Contents

- 1 General information
- 2 Summary of significant accounting policies
- 3 Financial risk management
- 4 Offsetting financial assets and financial liabilities
- 5 Fair value measurement
- 6 Net gains/(losses) on financial instruments held at fair value through profit or loss
- 7 Financial assets held at fair value through profit or loss
- 8 Financial liabilities held at fair value through profit or loss
- 9 Derivative financial instruments
- 10 Net assets attributable to unit holders
- 11 Distributions to unit holders
- 12 Cash and cash equivalents
- 13 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
- 14 Receivables
- 15 Payables
- 16 Remuneration of auditor
- 17 Related party transactions
- 18 Events occurring after the reporting period
- 19 Contingent assets and liabilities and commitments

1 General information

These financial statements cover Smarter Money Long-Short Credit Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 17 February 2017 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. These financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests primarily in senior and subordinated debt securities, hybrids and derivatives issued by Australian entities domestically and overseas, although it can also invest in these types of securities when they are issued by overseas entities (into the Australian market or offshore) in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The 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 financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition, classification and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of AASB 15 to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(b) Financial instruments

(i) Classification

The Fund's investments are classified as held at fair value through profit or loss or loans and receivables. They comprise of:

- Financial instruments held for trading

These are investments in derivative financial instruments such as futures and forward currency contracts. The Fund does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are cash investments and variable and fixed-income securities issued by banks and companies.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy as outlined in the Product Disclosure Statement. The Fund's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

(iii) Measurement

- Financial instruments held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders. The units are classified as equity.

The units can be put back to the Fund at any time for cash based on the redemption price.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represent the Fund's main income generating activity.

(e) Investment income

Interest income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis. Interest income on financial assets held at fair value through profit and loss is recognised using the effective interest method. Other changes in fair value of such financial instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

Changes in fair value of financial instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

2 Summary of significant accounting policies (continued)

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

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

(h) Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

(i) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. Where the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

(j) Foreign currency translation

(i) Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates. Such fluctuations are included with the net gains/(losses) on financial instruments at fair value through profit or loss.

(k) Due from and to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by period end. Trades are recorded on trade date, and normally settled within two business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, and the probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(l) Receivables

Receivables may include amounts for interest. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(m) Payables

Payables include liabilities, accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

(n) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(o) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(p) Use of estimates

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

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

For more information on how fair value is calculated refer to Note 5 to the financial statements.

(q) Comparative period

The Fund was constituted on 17 February 2017, registered with the Australian Securities and Investments Commission on 22 March 2017 and commenced operations on 31 August 2017. The reporting period covers the period 22 March 2017, being the registration date, to 30 June 2018, hence there is no comparative information.

(r) Rounding of amounts

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

3 Financial risk management

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

3 Financial risk management (continued)

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, under policies approved by the Board of Directors of the Responsible Entity ("The Board").

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price risk.

(a) Market risk

(i) Price risk

The Fund is exposed to price risk on debt securities and derivatives. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

Price risk is managed by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including the historical correlation of the Fund's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Fund invests moves by +/- 10%.

(ii) Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets dominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

The table below summarises the fair value of the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

As at 30 June 2018	Euros \$'000
Cash and cash equivalents	6
Financial assets held at fair value through profit or loss	2,389
Financial liabilities held at fair value through profit or loss	(15)
Net exposure	2,380
Net increase/(decrease) in exposure from forward currency contracts	(57)
Net exposure including forward currency contracts	2,323

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened and strengthened by 10% against the material foreign currencies to which the Fund is exposed.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund's main interest rate risk arises from its investments in floating interest rate notes and fixed interest rate notes.

Interest rate risk is managed by a) predominately investing in floating interest rate notes, which are subject to minimal interest rate risks; and b) using derivatives such as interest rate futures and bond futures to hedge interest rate risks incurred by investment in fixed interest rate notes.

The table below summarises the Fund's exposure to interest rate risk at the end of the reporting period.

	Floating interest rate \$'000	Fixed interest \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2018				
Financial assets				
Cash and cash equivalents	1,309	-	-	1,309
Receivables	-	-	1,151	1,151
Due from brokers - receivable for securities sold	-	-	529	529
Financial assets held at fair value through profit or loss	254,184	7,533	31	261,748
Total financial assets	255,493	7,533	1,711	264,737
Financial liabilities				
Distributions payable	-	-	959	959
Payables	-	-	166	166
Due to brokers – payable for securities purchased	-	-	10,245	10,245
Financial liabilities held at fair value through profit or loss	-	-	160,960	160,960
Total financial liabilities	-	-	172,330	172,330

The table at Note 3(b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unit holders through changes in fair value of changes in future cash flows. The analysis is based on the assumption that the interest rates changed by +/- 100 basis points from the period end rates with all other variables held constant.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unit holders					
	Price risk		Foreign exchange risk		Interest rate risk	
	-10% \$'000	+10% \$'000	-10% \$'000	+10% \$'000	-100bps \$'000	+100bps \$'000
As at 30 June 2018	(26,166)	26,166	(232)	232	(94)	94

3 Financial risk management (continued)

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due to from brokers and other receivables.

(i) Debt securities

The Fund invests in debt securities which have an investment grade categorisation as rated by various credit agencies. For unrated assets, a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies. All debt securities must have a minimum investment grade as outlined in the Fund's Product Disclosure Statement.

An analysis of debt by rating is set out in the table below.

	For the period 22 March 2017 to 30 June 2018 \$'000
Rating	
AAA to A	183,017
A- to BBB+	36,050
BBB to BBB-	30,906
BB+ to BB-	11,744
Total	261,717

(ii) Derivative financial instruments

The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. Credit risk associated with favourable contracts is reduced by master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangements. Refer to Note 4 to the financial statements for further analysis of the Fund's master netting arrangements.

(iii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

(iv) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- (as determined by Standard and Poor's) or higher. Cash equivalent securities are senior-ranking investment grade bonds that are eligible for repurchase with the Reserve Bank of Australia, and which have less than 12 months until maturity.

(v) Repurchase and reverse repurchase agreements

The Fund may engage in repurchase and reverse repurchase transactions. Under the terms of a repurchase agreement, the Fund takes possession of an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Fund to resell the obligation at an agreed upon price and time. The underlying securities for all repurchase agreements are held in safekeeping at the Fund's custodian. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Securities purchased under repurchase agreements are reflected as an asset in the statement of financial position. If the counterparty should default, the Fund will seek to sell the securities which it holds as collateral to reduce its losses. This could involve procedural costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. The counterparty to the outstanding repurchase/reverse repurchase agreements as at 30 June 2018 was National Australia Bank with a rating of AA-.

3 Financial risk management (continued)

(c) Credit risk (continued)

(vi) Other

The Fund is not materially exposed to credit risk on other financial assets.

(vii) Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(d) Liquidity risk

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

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash, as the majority are listed on the Australian Securities Exchange (ASX). In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during the period.

(i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unit holder's option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

As at 30 June 2018	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers	10,245	-	-	-	10,245
Distributions payable	959	-	-	-	959
Management fees payable	110	-	-	-	110
Performance fees payable	50	-	-	-	50
Responsible Entity fees payable	6	-	-	-	6
Reverse repurchase agreements	160,819	-	-	-	160,819
Contractual cash flows (excluding derivatives)	172,189	-	-	-	172,189

3 Financial risk management (continued)

(ii) *Maturities of net settled derivative financial instruments*

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

As at 30 June 2018	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
Net settled derivatives					
Futures contracts	-	53	-	-	53
Forward currency contracts	-	57	-	-	57
Total net settled derivatives	-	110	-	-	110

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the tables below.

As at 30 June 2018	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial assets / liabilities	Gross amounts set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Amounts subject to master netting arrangement	Collateral received/ pledged	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Forward currency contracts	31	-	31	(31)	-	-
Total	31	-	31	(31)	-	-
Financial liabilities						
Forward currency contracts	88	-	88	(31)	-	57
Total	88	-	88	(31)	-	57

(a) **Master netting arrangement – not currently enforceable due to a termination trigger event**

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as termination trigger event arising from an event of default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off arising from a termination trigger event, these amounts have not been offset in the statement of financial position, but have been presented separately in the above table.

5 Fair value measurement

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

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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 financial statements.

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

The fair value of financial assets and liabilities traded in active markets (such as floating rate notes) 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.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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 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, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Fund invests in floating rate notes. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as level 2.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account the current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

5 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 30 June 2018.

As at 30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Forward currency contracts	-	31	-	31
Financial assets designated at fair value through profit or loss:				
Floating rate notes	-	254,184	-	254,184
Fixed interest	-	7,533	-	7,533
Total financial assets	-	261,748	-	261,748
Financial liabilities				
Financial liabilities held for trading:				
Futures contracts	53	-	-	53
Forward currency contracts	-	88	-	88
Financial liabilities designated at fair value through profit or loss:				
Reverse repurchase agreements	-	160,819	-	160,819
Total financial liabilities	53	160,907	-	160,960

(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.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(e) Financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values.

6 Net gains/(losses) on financial instruments held at fair value through profit or loss

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

	For the period 22 March 2017 to 30 June 2018 \$'000
Financial assets	
Net gain/(loss) on financial assets held for trading	(56)
Net gain/(loss) on financial assets designated as at fair value through profit or loss	(900)
Net gains/(losses) on financial assets held at fair value through profit or loss	(956)
Net realised gain/(loss) on financial assets held at fair value through profit or loss	304
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(1,260)
Net gains/(losses) on financial assets held at fair value through profit or loss	(956)
Financial liabilities	
Net gain/(loss) on financial liabilities held for trading	(53)
Net gain/(loss) on financial liabilities designated as at fair value through profit or loss	-
Net gains/(losses) on financial liabilities held at fair value through profit or loss	(53)
Net realised gain/(loss) on financial liabilities held at fair value through profit or loss	-
Net unrealised gain/(loss) on financial liabilities at fair value through profit or loss	(53)
Net gains/(losses) on financial liabilities held at fair value through profit or loss	(53)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	(1,009)

7 Financial assets held at fair value through profit or loss

	As at 30 June 2018 \$'000
Held for trading	
Forward currency contracts	31
Total held for trading	31
Designated at fair value through profit or loss	
Floating rate notes	254,184
Fixed interest	7,533
Total designated at fair value through profit or loss	261,717
Total financial assets held at fair value through profit or loss	261,748

8 Financial liabilities held at fair value through profit or loss

	As at 30 June 2018 \$'000
Held for trading	
Futures	53
Forward currency contracts	88
Total held for trading	141
Designated at fair value through profit or loss	
Reverse repurchase agreements	160,819
Total designated at fair value through profit or loss	160,819
Total financial liabilities held at fair value through profit or loss	160,960

9 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward commitment transactions. Leverage may be incurred when it is believed that is advantageous to increase the investment capacity of a Fund or to facilitate the clearance of transactions. Leverage creates opportunity for greater total returns for a Fund, but it also may magnify losses. The use of derivatives may also create leverage risk.

9 Derivative financial instruments (continued)

To mitigate leverage risk, the Fund monitors the overall exposures that leverage grants it, along with the potentially increased risks, and ensures that risks remain within internally set parameters.

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Forward currency contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
As at 30 June 2018			
Futures	(8,980)	-	53
Forward currency contracts	5,735	31	88
Total derivatives	<u>(3,245)</u>	<u>31</u>	<u>141</u>

Information about the Fund's exposure to credit risk, foreign exchange, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

10 Net assets attributable to unit holders

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

	For the period	
	22 March 2017 to 30 June 2018 Units '000	22 March 2017 to 30 June 2018 \$'000
Opening balance	-	-
Applications	103,671	104,243
Redemptions	(11,145)	(11,212)
Reinvestment of distributions	521	521
Distributions paid and payable	-	(1,941)
Profit/(loss) for the period	-	796
Closing balance	<u>93,047</u>	<u>92,407</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right 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 are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

10 Net assets attributable to unit holders (continued)

Capital risk management

The Fund considers its net assets attributable to unit holders as capital.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

11 Distributions to unit holders

The distributions declared during the period were as follows:

	For the period	
	22 March 2017 to 30 June 2018 \$'000	22 March 2017 to 30 June 2018 CPU
Distributions		
December	431	0.90
March	551	0.80
June (payable)	959	1.03
Total distributions	1,941	2.73

12 Cash and cash equivalents

	As at 30 June 2018 \$'000
Cash at bank	1,309
Total cash and cash equivalents	1,309

These accounts are earning a floating interest rate of between 1.25% and 1.70% as at 30 June 2018.

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

	For the period 22 March 2017 to 30 June 2018 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	
Profit/(loss) for the period	796
Proceeds from sales of financial instruments held at fair value through profit or loss	236,374
Purchase of financial instruments held at fair value through profit or loss	(328,455)
Net (gains)/losses on financial instruments held at fair value through profit or loss	1,009
Net change in receivables	(1,151)
Net change in payables	166
Net cash inflow/(outflow) from operating activities	(91,261)

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

	For the period 22 March 2017 to 30 June 2018 \$'000
(b) Non-cash operating and financing activities	
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	521
Total non-cash operating and financing activities	521

As described in Note 2(h), income not distributed is included in net assets attributable to unit holders. The change in this amount for the period (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

14 Receivables

	As at 30 June 2018 \$'000
Interest receivable	1,137
GST receivable	14
Total receivables	1,151

15 Payables

	As at 30 June 2018 \$'000
Management fees payable	110
Performance fees payable	50
Responsible Entity fees payable	6
Total payables	166

16 Remuneration of auditor

During the period the following fees were paid or payable for services provided by the auditor of the Fund:

	For the period 22 March 2017 to 30 June 2018 \$
Ernst & Young	
<i>Audit and other assurance services</i>	
Audit and review of financial statements	16,221
Audit of compliance plan	1,731
Total remuneration for audit services and other assurance services	17,952
<i>Taxation services</i>	
Tax compliance services	7,100
Total remuneration for tax services	7,100
Total remuneration of Ernst & Young	25,052

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

17 Related party transactions

The Responsible Entity of Smarter Money Long-Short Credit Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271). Accordingly, transactions with entities related to EQT Responsible Entity Services Ltd are disclosed below.

The Responsible Entity has contracted services to Smarter Money Investments Pty Limited, to act as Investment Manager for the Fund, and Mainstream Fund Services Pty Ltd to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

The following persons held office as directors of OneVue RE Services Limited from 22 March 2017 to 29 March 2018.

Nigel Cameron Stokes
Karen Nita Gibson
Robert Joseph Brown (resigned 6 June 2017)
Alexander Wise
Vincent Leo Plant

The following persons held office as directors of EQT Responsible Entity Services Ltd from 29 March 2018 to the date of this report.

Philip D Gentry Chairman
Harvey H Kalman
Travis R Goudie

(ii) 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 financial period.

(b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

17 Related party transactions (continued)

(c) Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2018.

(d) Key management personnel compensation

Key management personnel were paid by OneVue RE Services Limited up until 29 March 2018. From 29 March 2018, key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to EQT Responsible Entity Services Ltd do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

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

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

(g) Responsible Entity and Investment Manager's 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 transactions during the period and amounts payable as at period end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	For the period 22 March 2017 to 30 June 2018 \$
Investment management fees for the period	567,457
Performance fees for the period	199,741
Total fees payable to the Investment Manager at period end	159,646
Expense recovery fees for the period paid/payable to the Responsible Entity and Investment Manager	113,491
Total fees payable to the Responsible Entity at period end	5,779

(h) Related party unit holdings

Parties related to the Fund (including OneVue RE Services Limited, its related parties and other funds managed by OneVue RE Services Limited), held units in the Fund as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
As at 30 June 2018							
OneVue RE Services Limited	-	102	102	0.0001	102	-	3

17 Related party transactions (continued)

(h) Related party unit holdings (continued)

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

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
As at 30 June 2018							
Alpha Enhanced Yield Fund	-	4,948,873	4,966,194	5.3187	4,948,873	-	134,891

(i) Investments

The Fund did not hold any investments in EQT Responsible Entity Services Ltd or its related parties during the period.

18 Events occurring after the reporting period

No significant events have occurred since the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2018 or on the results and cash flows of the Fund for the period ended on that date.

19 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2018.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 29 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 30 June 2018 and of its performance for the financial period 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.
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of EQT Responsible Entity Services Ltd through a delegated authority given by the EQT Responsible Entity Services Ltd's Board.



Philip D Gentry
Chairman

Melbourne
26 September 2018

Independent Auditor's Report to the unitholders of Smarter Money Long-Short Credit Fund

Opinion

We have audited the financial report of Smarter Money Long-Short Credit Fund (the Fund), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 22 March 2017 to 30 June 2018, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its financial performance for the period ended on that date and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001

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 or the Auditor's Independence 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 Conduct 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 hereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors 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.
- 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 black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rohit Khanna'.

Rohit Khanna
Partner
Sydney
26 September 2018