

VENTURA FM



VMAPS

ARSN: 601 085 410

Financial Report *For the year ended* **30 June 2023**

Ventura Investment Management Ltd
Company ABN 49 092 375 258
Australian Financial Services Licence No #253045

Ventura Managed Account Portfolios

Financial Report

For the year ended 30 June 2023

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Directors' Report

The directors of Ventura Investment Management Ltd, the Responsible Entity of the Ventura Managed Account Portfolios (the 'Scheme'), present their report together with the financial statements of the Scheme for the year ended 30 June 2023 and the auditor's report thereon.

Scheme Objectives

The primary aim of the Scheme is to provide investors with a diversified investment portfolio via a comprehensive range of professionally managed investment models including, but not limited to, listed investments such as shares, exchange traded funds ('ETFs'), listed investment companies ('LICs') and Australian Real Estate Investment Trusts ('AREITS'), as well as managed funds.

Service Providers

The service providers during or since the end of the year are:

| | |
|----------------------------------|--|
| Responsible Entity of the Scheme | Ventura Investment Management Ltd (ABN 49 092 375 258) (the 'Responsible Entity'). The registered office and principal place of business of the Responsible Entity and the Scheme is Level 8, 309-315 George Street, Sydney NSW 2000 |
| Administrator | Praemium Australia Limited (ABN 92 117 611 784) |
| Custodian | HSBC Bank Australia Limited (ABN 48 006 434 162) |
| Auditor | BDO Audit Pty Ltd (ABN 33 134 022 870) |

Principal Activities

The principal activities of the Scheme during the year is to provide investors with an investment solutions platform that is able to meet their investment objectives, investment time frames and level of risk through a range of investment portfolios.

The Scheme invests in accordance with investors' target asset allocations and Model Portfolios set out in the product disclosure statements of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The returns to investors in the Scheme are based on the performance of investments in the investors' respective accounts. The Scheme invests according to investment strategies and model portfolios selected by investors.

There were no significant changes in the nature of the Scheme's activities during the year.

Directors

The following persons held office as directors of Ventura Investment Management Ltd during the year and up to the date of this report:

| Director | Date appointed | Date resigned |
|-------------------|-----------------|-----------------|
| Paul Cullen | 31 August 2022 | 1 November 2022 |
| Kate Anderson | 9 March 2020 | 31 August 2022 |
| Patrick Jackson | 28 May 2021 | N/A |
| John Shuttleworth | 8 October 2021 | 1 November 2022 |
| Martin Pretty | 1 November 2022 | N/A |
| Douglas Hew | 1 November 2022 | N/A |

| Company Secretary | Date appointed | Date resigned |
|-------------------|-------------------|---------------|
| Kim Clark | 23 September 2020 | N/A |

Review and Results of Operations

The Scheme incurred an operating gain of \$25.3m for the year (2022: \$27.2m loss). This is largely attributable to the net gain on financial instruments held at fair value through profit or loss of \$20.7m (2022: \$34.2m loss). The favourable movement from prior year is largely a result of positive portfolio performance due to an upward market movement in the 12-month period.

Directors' Report (continued)

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the year.

Events Subsequent to Balance Sheet Date

There are no matters or events which have arisen subsequent to end of the year, which have significantly affected or may significantly affect the operations of the Scheme, the results of those operations or the state of affairs of the Scheme in subsequent financial years.

Likely Developments and Expected Results of Operations

The Scheme will continue to be managed in accordance with its investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by a number of factors including the performance of investment markets in which the Scheme 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.

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

Indemnification and Insurance of Officers and Auditor

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Ventura Investment Management Ltd or the auditor of the Scheme. So long as the officers of Ventura Investment Management Ltd act in accordance with the Scheme's Constitution and the Law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditor of the Scheme is in no way indemnified out of the assets of the Scheme.

Fees Paid and Interests Held in the Scheme by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in Note 11 of the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year. Pursuant to Australian Securities and Investments Commission ('ASIC') Class Order relief, the Responsible Entity may individually negotiate fees with certain sophisticated or professional investors.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the year are disclosed in Note 11 of the financial statements.

Interests in the Scheme

The movement in net assets attributable to investors of the Scheme during the year is disclosed in Note 7.

Value of Assets

The value of the Scheme's assets and liabilities is disclosed on 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 Scheme are not subject to any particular or significant environmental regulations under either Commonwealth, State or Territory law.

Rounding

The Scheme is a scheme of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument, dated 26 March 2016, and in accordance with that Instrument, amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' Report (continued)

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 4.

The financial statements were authorised for issue by the directors on 22 September 2023. This report is made in accordance with a resolution of the directors.

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

Director
Patrick Jackson

22 September 2023

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF VENTURA INVESTMENT
MANAGEMENT LTD AS RESPONSIBLE ENTITY OF VENTURA MANAGED ACCOUNT PORTFOLIOS

As lead auditor of Ventura Managed Account Portfolios for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ventura Managed Account Portfolios.



Tim Aman
Director

BDO Audit Pty Ltd
Sydney
22 September 2023

Ventura Managed Account Portfolios
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

Statement of Profit or Loss and Other Comprehensive Income

| | Notes | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|--|-------|---------------------|---------------------|
| Investment Income | | | |
| Net gain/(loss) on financial instruments held at fair value through profit or loss | 4 | 20,715 | (34,168) |
| Dividend income | | 3,476 | 7,231 |
| Interest income | | 399 | 20 |
| Distributions | | 4,547 | 4,987 |
| Total net investment income/(loss) | | 29,137 | (21,930) |
| | | | |
| Responsible Entity fees | 11 | (3,648) | (4,975) |
| Other operating expenses | | (214) | (245) |
| Total operating expenses | | (3,862) | (5,220) |
| | | | |
| Net operating profit/(loss) | | 25,275 | (27,150) |
| | | | |
| Financing costs attributable to investors | | | |
| Increase/(Decrease) in net assets attributable to investors | 7 | 25,275 | (27,150) |
| Net profit/(loss) for the year | | - | - |
| | | | |
| Other comprehensive income/(loss) | | - | - |
| | | | |
| Total comprehensive income/(loss) for the year | | - | - |

The above Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

| | Notes | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|---|-------|---------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | 12(b) | 16,414 | 18,112 |
| Income receivable | 8 | 2,256 | 3,404 |
| Due from brokers - receivable for securities sold | | 316 | 385 |
| Financial assets held at fair value through profit or loss: | | | |
| Equity securities | 9 | 47,418 | 53,662 |
| Units in listed and unlisted trusts | 9 | 233,390 | 245,537 |
| Total assets | | 299,794 | 321,100 |
| Liabilities | | | |
| Accounts payable and accrued expenses | 10 | 288 | 572 |
| Total liabilities (excluding net assets attributable to investors) | | 288 | 572 |
| Net assets attributable to investors | 7 | 299,506 | 320,528 |
| Net assets | | - | - |

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

Statement of Changes in Equity

| | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|---|---------------------|---------------------|
| Total equity at beginning of the year | - | - |
| Profit/(Loss) for the year | - | - |
| Other comprehensive income/(loss) for the year | - | - |
| Total other comprehensive income/(loss) for the year | - | - |
| Transactions with owners in their capacity as owners | - | - |
| Total equity at the end of the year | - | - |

Under Australian Accounting Standards, net assets attributable to investors are classified as a liability rather than equity. As a result, there was no equity at the start or end of the year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

| | Notes | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|---|--------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Proceeds from sale of financial instruments held at fair value through profit or loss | | 96,909 | 152,293 |
| Purchase of financial instruments held at fair value through profit or loss | | (61,781) | (105,210) |
| Dividends received | | 3,582 | 7,080 |
| Interest received | | 399 | 20 |
| Distributions received | | 5,588 | 6,742 |
| Responsible Entity fees paid | | (3,711) | (5,091) |
| Operating expenses paid | | (214) | (245) |
| Net cash inflow from operating activities | 12(a) | 40,772 | 55,589 |
| Cash flows from financing activities | | | |
| Proceeds from applications by investors | | 28,168 | 26,342 |
| Payments for redemptions by investors | | (70,638) | (87,460) |
| Net cash (outflow) from financing activities | | (42,470) | (61,118) |
| Net (decrease) in cash and cash equivalents | | (1,698) | (5,529) |
| Cash and cash equivalents at the beginning of the year | | <u>18,112</u> | <u>23,641</u> |
| Cash and cash equivalents at the end of the year | 12(b) | 16,414 | 18,112 |
| Non-cash financing activities | 12(c) | (3,827) | (13,745) |

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

Notes to the Financial Statements

1. General Information

These financial statements cover the Ventura Managed Account Portfolios (the 'Scheme') as an individual entity. The Scheme was constituted on 19 August 2014, commenced operations on 11 September 2014 and will terminate on 11 September 2094 unless terminated earlier in accordance with the provisions of the Scheme's constitution.

The primary aim of the Scheme is to provide investors with a diversified portfolio of predominantly listed investments including but not limited to shares, exchange traded funds ('ETFs'), listed investment companies ('LICs') and Australian Real Estate Investment Trusts ('AREITS') through a comprehensive range of Investment Models developed and managed by various investment managers (the 'Model Managers').

The Responsible Entity of the Scheme is Ventura Investment Management Ltd (ABN 49 092 375 258) (AFSL 253045) (the 'Responsible Entity'). The Responsible Entity's registered office is Level 8, 309-315 George Street, Sydney NSW 2000. The financial statements are presented in Australian Dollars ('\$') unless otherwise stated.

The financial report was authorised for issue by the directors on 22 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years 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*. The Scheme is a for-profit unit trust for the purpose of preparing the financial statements. The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities and net assets attributable to unit holders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards

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

(ii) New and amended standards adopted by the Scheme

The Scheme has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(iii) New standards and interpretations not yet adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Scheme for the annual reporting year ended 30 June 2023.

2. Summary of Significant Accounting Policies (continued)

(b) Financial Instruments

(i) Classification

The Scheme's investments are classified as at fair value through the profit and loss. They comprise:

- 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 investments in listed equity, listed unit trusts and unlisted unit trusts; and
- 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 Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition / Derecognition

The Scheme recognises financial assets and liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or liabilities from this date.

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

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit and Loss and Other Comprehensive Income.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid price while financial liabilities are priced at current asking prices.

- Fair value in an inactive market or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such differences exist, the Scheme recognises the difference in the Statement of Profit and Loss and Other Comprehensive Income to reflect a change in factors, including time that market participants would consider in setting a price. Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the Investment Manager of such trusts. For further information on how the fair value of financial statements is determined, refer to Note 3(f) of the financial statements.

(iv) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is 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 year, there are no financial assets and liabilities offset or with a right to offset in the Statement of Financial Position.

(v) Impairment

At each reporting date, the Investment Manager shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, receivable for units redeemed and receivable) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Investment Manager shall measure the loss allowance at an amount equal to 12-month expected credit losses.

2. Summary of Significant Accounting Policies (continued)

(v) Impairment (continued)

Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Funds expects to receive. The shortfall is then discounted at an approximated to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statements of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statements of comprehensive income.

(c) Net Assets Attributable to Investors

In accordance with AASB 132 *Financial Instruments: Presentation* investors' funds are classified as a financial liability and disclosed as such in the Statement of Financial Position, being referred to as 'Net assets attributable to investors'. Changes in the value of this financial liability are recognised in the Statement of Profit and Loss and Other Comprehensive Income as they arise.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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 change in value. Bank overdrafts are shown as borrowings on the Statement of Financial Position.

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

(e) Investment Income

Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

Dividend income is recognised on the ex-dividend date. The Scheme may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax on the Statement of Profit and Loss and Other Comprehensive Income. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

(f) Expenses

All expenses, including Responsible Entity's fees are recognised in the Statement of Profit and Loss and Other Comprehensive Income on an accruals basis.

2. Summary of Significant Accounting Policies (continued)

(g) Income Tax

The Scheme is not subject to income tax since all investments are beneficially held by investors directly in their separate Personal Portfolios. All income and gains on the securities and other assets in the Personal Portfolios accrue directly to investors.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain or loss be realised, the capital gains or loss accrues to the investors and is subject to capital gains tax. The Scheme is not subject to capital gains tax.

The benefit of imputation credits and foreign tax paid are passed on to investors.

The Scheme currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Profit and Loss and Other Comprehensive Income.

(h) Increase/Decrease in Net Assets Attributable to Investors

The Scheme does not distribute its net operating profit/loss, therefore net operating profit/loss is included in full in net assets attributable to investors. Movements in net assets attributable to investors are recognised in the Statement of Profit and Loss and Other Comprehensive Income as financing costs.

(i) Functional and presentation currency

Balances included in the Scheme'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 Scheme competes for funds and is regulated. The Australian dollar is also the Scheme's presentation currency.

(j) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the balance sheet date from the time of the last payment using the effective interest rate method.

(k) Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at the end of the year.

(l) Applications and Redemptions

Application and redemption terms (including fees payable, minimum amounts, minimum balance requirements and timing) vary and detailed terms are set out in the relevant product disclosure statements. Applications received from investors into the Scheme are recorded gross of any entry fees payable. Entry fees, if applicable, are deducted from an investor's account and expensed through the Statement of Profit and Loss and Other Comprehensive Income. Redemptions from the Scheme can be made in cash to the investor's nominated bank account or via a transfer of securities, or a combination of cash and securities. Securities sold are net of all fees, charges and expenses including transaction costs.

(m) Transfers of Securities

Investors may transfer eligible securities into and out from their personal portfolio accounts in the Scheme. Securities are transferred-in at quoted 'ask' prices and transferred-out at quoted 'bid' prices on the market day immediately prior to date of transfer.

(n) Goods and Services Tax ('GST')

The GST incurred on the costs of various services provided to the Scheme including administration fees, transaction and trading fees and brokerage have been passed on to the Responsible Entity. All other GST incurred on costs has been passed on to the investors of the Scheme. Responsible Entity fees and other expenses have been recognised in the Statement of Profit and Loss and Other Comprehensive Income gross of the amounts of GST recoverable from the Australian Tax Office ('ATO'). Accounts payable and accrued expenses are stated inclusive of GST. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

2. Summary of Significant Accounting Policies (continued)

(o) Use of Estimates

The Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next 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. The determination of fair value of financial instruments involve the use of estimates. The fair value of investments in the unlisted trusts is determined using net asset value as of reporting date.

3. Financial Risk Management

The Scheme is a registered managed investment scheme in which each investor has a separate account to which their investments are allocated. Ventura Investment Management Ltd's responsibilities and obligations as the Responsible Entity are governed by the Constitution for the Ventura Managed Account Portfolios Service, as well as the *Corporations Act 2001* and general trust law.

(a) Strategy in using financial instruments

The primary aim of the Scheme is to provide investors with flexibility to build their own personal portfolio using a range of investment strategies, referred to as 'Model Portfolios' to suit the investor's needs and objectives.

The Model Portfolios are managed by third parties ('Model Managers'). Where Models are managed by third parties, the risk is also managed by these third parties according to contractual obligations set out in an Investment Management Agreement. Model Managers report to Ventura Investment Management Ltd on a quarterly basis. As at 30 June 2023 there were 32 models in the Scheme (30 June 2022: 32 models).

Once an investor has decided which Model Portfolio best suits his investment needs and objectives, Ventura Investment Management Ltd will purchase securities to be included in the investor's Personal Portfolio so that it reflects the Model Portfolio or combination of Model Portfolios. Securities can be transferred directly into a Personal Portfolio and it can include securities not in the Model portfolio. The investor is the beneficial owner of the securities in their Personal Portfolio.

The Model Managers will manage the Model Portfolios on an ongoing basis, and Ventura Investment Management Ltd will buy and sell securities to be included in, or removed from, the investors' Personal Portfolios as the Model Portfolios change.

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

The Scheme uses different methods to measure different types of risks to which it is exposed. These methods include Sensitivity Analysis as disclosed in Note 3(c), Summarised Sensitivity Analysis.

(b) Market Risk

(i) Price Risk

The Scheme is exposed to price risk. This arises from investments held by the Scheme for which prices in the future are uncertain. They are classified on the Statement of Financial Position as fair value through profit or loss. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Note 3(b)(ii) sets out how this component of price and risk is managed and measured. All securities investments present a risk of loss of capital.

The capital structure of the Scheme consists of cash and cash equivalents and the proceeds from the issuance of the separately managed accounts of the Scheme. The investment manager aims to ensure that there is sufficient liquidity for possible redemptions by investors.

Note 3(c) Summarised Sensitivity Analysis explains how the risk is measured and summarises the potential exposure of the Scheme's net assets attributable to investors.

(ii) Foreign Exchange Risk

The Scheme's investments are all denominated in Australian dollars and as such the Scheme has no exposure to foreign exchange risk.

The Scheme does not have any direct exposure to foreign exchange risk based on the Scheme's direct investments.

3. Financial Risk Management (continued)

(ii) Foreign Exchange Risk (continued)

This disclosure has not been made on a look through basis for investments held indirectly. The disclosure of foreign exchange risk may not present the true foreign exchange risk profile of the Scheme where an underlying investment has significant exposure to foreign exchange risk.

(iii) Interest Rate Risk

The Scheme's interest bearing financial assets and liabilities 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 Scheme is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Scheme to fair value interest rate risk.

The exposure to interest rate risk for the Scheme is limited to cash deposits and certain managed funds with rates based on normal commercial terms, which totalled \$101,519,267 at 30 June 2023 (30 June 2022: \$121,393,606).

An analysis of financial liabilities by maturities is provided in Section 3(e) below.

(c) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Scheme's operating profit and net assets attributable to investors to interest rate risk and other price risk. 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 interest rates and foreign exchange rates, historical correlation of the Scheme's investments with relevant benchmark and market volatility. However, actual movements in the risk variables maybe 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 Scheme invests. As a result, historic variations are not a definitive indicator of future variations in risk variables.

To determine what is a reasonably possible movement, Ventura Investment Management Ltd has applied market sensitivity rates that are consistent with market averages.

| 30 June 2023 | Price Risk (\$'000) | | Interest Rate Risk (\$'000) | |
|--------------|---------------------|---------|-----------------------------|--------|
| | 31.95% | -31.95% | 1.2% | -1.2% |
| | 62,528 | -62,528 | 1,218 | -1,218 |
| 30 June 2022 | Price Risk (\$'000) | | Interest Rate Risk (\$'000) | |
| | 32.10% | -32.10% | 0.7% | -0.7% |
| | 62,891 | -62,891 | 850 | -850 |

3. Financial Risk Management (continued)

(d) Credit Risk

Credit risk is the risk that a counterparty will fail to perform its contractual obligations, either in whole or in part, when they fall due.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market.

(i) Settlement of Securities Transactions

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

(ii) Other Credit Risk

Exposure to credit risk on cash and cash equivalents and amounts due from brokers (receivables) is considered to be minimal due to the high credit rating of the relevant financial institutions and the short time to settlement, in the case of brokers.

(e) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Scheme 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.

The Scheme is exposed to daily investor requests for redemptions. The liquidity risks associated with the need to satisfy investors' requests for redemptions and other obligations (such as fees) are mitigated by having a minimum cash holding of 2% in each investor's Personal Portfolio account. If at any point in time there was insufficient cash to fund a redemption payment, securities in the investor's Personal Portfolios would be sold to meet the required redemption and the redemption would be paid post settlement of the sale of these securities (normally T+3).

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

| | Due \$'000 | <12 months \$'000 |
|--------------------------------------|-----------------------|----------------------|
| As at 30 June 2023 | | |
| Payables | - | 288 |
| Net assets attributable to investors | <u>299,506</u> | <u>-</u> |
| Total | <u><u>299,506</u></u> | <u><u>288</u></u> |
| | | |
| | Due \$'000 | <12 months \$'000 |
| As at 30 June 2022 | | |
| Payables | - | 572 |
| Net assets attributable to investors | <u>320,528</u> | <u>-</u> |
| Total | <u><u>320,528</u></u> | <u><u>572</u></u> |

(f) Fair Value of Financial Assets and Liabilities

The carrying amounts of the Scheme's assets and liabilities at the end of each year approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through the profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit and Loss and Other Comprehensive Income.

3. Financial Risk Management (continued)

(g) Fair Value Hierarchy

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below set out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2023.

| | Level 1 \$'000 | Level 2 \$'000 | Total \$'000 |
|--|-------------------|-------------------|-----------------|
| 30 June 2023 | | | |
| Financial assets | | | |
| Financial assets designated at fair value through profit or loss | | | |
| - Equity securities | 47,418 | - | 47,418 |
| - Units in listed and unlisted trusts | 79,764 | 153,626 | 233,390 |
| Total | 127,182 | 153,626 | 280,808 |

| | Level 1 \$'000 | Level 2 \$'000 | Total \$'000 |
|--|-------------------|-------------------|-----------------|
| 30 June 2022 | | | |
| Financial assets | | | |
| Financial assets designated at fair value through profit or loss | | | |
| - Equity securities | 53,662 | - | 53,662 |
| - Units in unlisted trusts | 85,041 | 160,496 | 245,537 |
| Total | 138,703 | 160,496 | 299,199 |

There are no Level 3 assets at 30 June 2023 (30 June 2022: Nil).

4. Net (Loss)/Gain on Financial Instruments Held at Fair Value through Profit or Loss

The net (loss)/gain recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

| | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|---|---------------------|---------------------|
| Financial assets | | |
| Net realised gain/(loss) on financial instruments held at fair value through profit or loss | 2,755 | 15,548 |
| Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss | 17,960 | (49,716) |
| Net gain/(loss) on financial instruments held at fair value through profit or loss | 20,715 | (34,168) |

5. Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangement.

The Scheme considers all investments in listed and unlisted unit trusts ('trusts') to be structured entities. The Scheme invests in trusts for the purpose of capital appreciation and or earning investment income.

The exposure to investments in unrelated investee funds at fair value is disclosed in the following table:

| | For the year ended 30 June 2023 \$'000 | For the year ended 30 June 2022 \$'000 |
|--|---|---|
| Fair value of investments in listed and unlisted unit trusts | 233,390 | 245,537 |
| Total unrelated investee funds | 233,390 | 245,537 |

The fair value of trusts is included in financial assets held at fair value through profit or loss in the statement of financial position.

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

6. Distributions

Income from investments held in the personal portfolios of investors is paid or accrued to the investors' accounts. The Scheme does not make distributions to investors.

7. Net Assets Attributable to Investors

As stipulated within the Scheme's Constitution, investors are the beneficial owners of investments in their Personal Portfolios in the Scheme and have the right to sell the investments at prevailing market prices less transaction costs.

Movements in net assets attributable to investors were as follows:

| | Year Ended 30 June 2023 \$'000 | Year Ended 30 June 2022 \$'000 |
|---|---|---|
| Opening net assets attributable to investors | 320,528 | 422,541 |
| Applications | | |
| Cash | 28,168 | 26,342 |
| Redemptions | | |
| Cash | (70,638) | (87,460) |
| Securities transfer-out | (3,827) | (13,745) |
| Increase/(Decrease) in net assets attributable to investors | 25,275 | (27,150) |
| Closing net assets attributable to investors | 299,506 | 320,528 |

8. Receivables

| | As at 30 June 2023 \$'000 | As at 30 June 2022 \$'000 |
|--------------------------|---------------------------------|---------------------------------|
| Dividends receivable | 71 | 178 |
| Distributions receivable | 2,185 | 3,226 |
| Total | 2,256 | 3,404 |

9. Financial Assets at Fair Value through Profit or Loss

| | As at 30 June 2023 \$'000 | As at 30 June 2022 \$'000 |
|--|---------------------------------|---------------------------------|
| Designated at fair value through profit & loss | | |
| Equity securities | 47,418 | 53,662 |
| Units in unlisted trusts | 233,390 | 245,537 |
| Total designated at fair value through profit & loss | 280,808 | 299,199 |
| Total financial assets held at fair value through profit & loss | 280,808 | 299,199 |

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 3.

10. Payables

| | As at 30 June 2023 \$'000 | As at 30 June 2022 \$'000 |
|--|---------------------------------|---------------------------------|
| Due to brokers - payables for securities purchased | 25 | 246 |
| Responsible Entity fees payable | 263 | 326 |
| Total | 288 | 572 |

11. Related Party Transactions

Responsible Entity

The Responsible Entity of the Scheme is Ventura Investment Management Ltd (ABN 49 092 375 258) (AFSL 253045) a wholly owned subsidiary of Centrepoint Alliance Limited (ABN 72 052 507 507) which is listed on the Australian Stock Exchange ('ASX'). Both companies are incorporated in Australia. The registered office and principal place of business of the Responsible Entity and the Scheme is Level 8, 309-315 George Street, Sydney NSW 2000.

Key Management Personnel ('KMP') holding

There are no current Key Management Personnel including directors or their related entities that hold investments in the Scheme at the date of this report either directly, indirectly or beneficially.

Key Management Personnel compensation

Key Management Personnel costs are incurred by the Responsible Entity and reimbursed by the Scheme.

Key Management Personnel loan disclosures

The Scheme 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 year.

Other transactions within the Scheme

No Key Management Personnel have entered into a material contract with the Scheme since the end of the previous year and there were no material contracts involving Key Management Personnel's interests subsisting at year end.

11. Related Party Transactions (continued)

Related party transactions and balances

All related party transactions are conducted on normal commercial terms and conditions. Transactions with related parties include the following:

(a) Responsible Entity's fees and other transactions

Responsible Entity fees are accrued monthly at the rate specified by the Constitution based on the Net Asset Value of the Scheme. Fees charged for the year are included in the Statement of Profit and Loss and Other Comprehensive Income.

From time to time the Responsible Entity may waive fees in accordance with the terms of the Constitution. Where Responsible Entity fees charged are less than the maximum permitted under the Constitution, any amount forgone cannot be claimed in future years.

(b) Expense reimbursement

Operating expenses include administration expenses incurred by the Responsible Entity and reimbursed by the Scheme in accordance with the provisions of the Constitution. Total operating expenses incurred for the year are brought to account on an accruals basis and are included in the Statement of Profit and Loss and Other Comprehensive Income.

Transactions and balances with related parties are summarised in the below sections.

Administration fees

Under the terms of the Ventura Managed Account Portfolios' Constitution and as listed in the Product Disclosure Statement, the Responsible Entity is entitled to receive an Administration Fee calculated by reference to the total account balance of the Investor as follows:

| Administration fee | 2023 % per annum | 2022 % per annum |
|-------------------------|---------------------|---------------------|
| \$0 - \$300,000 | 0.38 | 0.38 |
| \$300,001 - \$600,000 | 0.28 | 0.28 |
| \$600,001 - \$1,000,000 | 0.12 | 0.12 |
| More than \$1,000,000 | Nil | Nil |

The Administration fees borne by the investors in the Scheme are paid to the Responsible Entity who in turn provides a portion of the fees to the Administrator.

Investment and performance fees

In addition to the administration fees charged by the Responsible Entity, investment fees and performance fees may be charged by the Responsible Entity and the Model Manager depending on the Model Portfolios selected by the investors. The investment fee is calculated monthly in arrears based on the value of investor's account and deducted directly from the investor's account. Performance fees represent a premium paid to the Responsible Entity and the Model Manager for exceeding the model portfolio's performance benchmark.

11. Related Party Transactions (continued)

Investment and performance fees (continued)

These are detailed in the table below:

Responsible Entity fees and other transactions

| | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|---|---------------------|---------------------|
| Fees for the year and fees payable by the Scheme | | |
| Responsible Entity fees for the year | 3,648 | 4,975 |
| | 3,648 | 4,975 |
| | | |
| | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
| Responsible Entity fees payable | 263 | 326 |
| | 263 | 326 |

Investments

Ventura Investment Management Ltd, as Responsible Entity holds an investment with a market value of \$23,424 in Ventura Managed Account Portfolios as at 30 June 2023 (30 June 2022: \$22,932).

Related party schemes' unit holdings

Parties related to the Scheme including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity held investments in the Scheme as follows:

2023:

| | Fair value of investments held at opening \$'000 | Fair value of investments held at year end \$'000 | Interest held % | Applications \$'000 | Redemptions \$'000 |
|-----------------------------------|---|--|-----------------------|------------------------|-----------------------|
| Ventura Investment Management Ltd | 23 | 23 | 0.01 | - | - |

12. Reconciliation of Operating (loss)/Profit to Net Cash Outflow from Operating Activities

| | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|--|---------------------|---------------------|
| (a) Reconciliation of profit/(loss) to Net Cash Outflow from Operating Activities | | |
| Operating profit/(loss) for the year | 25,275 | (27,150) |
| Net Securities (transfer-out) | (3,827) | (13,745) |
| Net change in financial instruments held at fair value through profit or loss | 18,391 | 95,223 |
| Net change in receivables and other assets | 1,217 | 1,318 |
| Net change in accounts payable and accrued liabilities | (284) | (57) |
| Net cash inflow from operating activities | 40,772 | 55,589 |
| (b) Components of cash and cash equivalents | | |
| Cash and cash equivalents | 16,414 | 18,112 |
| Total Cash | 16,414 | 18,112 |
| (c) Non-cash financing activities | | |
| Net Securities (transfer-out) | (3,827) | (13,745) |

13. Remuneration of Auditor

| | 30-Jun-23 \$'000 | 30-Jun-22 \$'000 |
|--|---------------------|---------------------|
| <i>Amounts received or due and receivable by BDO Audit Pty Ltd and affiliated entities</i> | | |
| Fees to the group auditor for the audit or review of the statutory financial reports of the scheme | 25 | 21 |
| Fees for statutory assurance services that are required by legislation to be provided by the auditor | 51 | 44 |
| Fees for other services | 11 | 10 |
| Total | 87 | 75 |

Other services are made up of the audit of the Scheme's compliance plan and audit under Class Order 13/762. The audit fees paid or payable are paid by the Responsible Entity from the fees earned from the Scheme.

14. Events Subsequent to Balance Sheet Date

There are no matters or events which have arisen subsequent to end of the year, which have significantly affected or may significantly affect the operations of the Scheme, the results of those operations or the state of affairs of the Scheme in subsequent financial years.

15. Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 (30 June 2022: nil).

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 5 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date.
- (b) The financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a).
- (c) There are reasonable grounds to believe that the Scheme 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 pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Director
Patrick Jackson

22 September 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Ventura Managed Account Portfolios

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ventura Managed Account Portfolios (the 'Scheme'), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Ventura Managed Account Portfolios, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) 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 for the audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the *Corporations Act 2001* and the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Scheme, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors of the Responsible Entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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



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

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

Responsibilities of the directors 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 of the Responsible Entity are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Company or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 22 September 2023