

DIVERSIFIED INVESTMENT STRATEGIES

**DIRECTORS' REPORT AND FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**ipac Asset Management Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 003 257 225**

DIVERSIFIED INVESTMENT STRATEGIES

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DIVERSIFIED INVESTMENT STRATEGIES

DIRECTORS' REPORT

The Directors of ipac Asset Management Limited (ABN 22 003 257 225), the "Responsible Entity" of the Diversified Investment Strategies (the "Schemes"), listed below, present their report together with the Financial Report of the Schemes for the financial year ended 31 December 2019.

Scheme Name	ARSN
Diversified Investment Strategy No. 1	093 031 791
Diversified Investment Strategy No. 2	093 031 479
Diversified Investment Strategy No. 3	093 031 344
Diversified Investment Strategy No. 4	093 031 111
Diversified Investment Strategy No. 5	113 946 633
Diversified Investment Strategy No. 6	140 155 184

Directors

The Directors of the Responsible Entity during the financial year and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise:

Arun Kumar Abey	
Lakshman Anantakrishnan	Appointed 30 September 2019
Jeffrey Darryl Brunton	Resigned 30 September 2019
William Eric Gibson	
Fraser Ronald William Herd	Appointed 30 September 2019
Craig William Keary	Resigned 30 September 2019

Scheme Information

The Schemes are Australian Registered Schemes. ipac Asset Management Limited, the Responsible Entity of the Schemes, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at 33 Alfred Street, Sydney, NSW 2000.

Principal Activity

The principal activity of the Schemes is the investment of unitholders' funds in accordance with each Scheme's mandate. There has been no significant change in the nature of this activity during the financial year.

Review of Results and Operations

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

	Net profit/(loss) attributable to unitholders after tax expenses and before finance costs		Distributions to unitholders paid and/or payable during the financial year	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$
Diversified Investment Strategy No. 1	50,765,181	5,170,853	13,036,783	25,156,214
Diversified Investment Strategy No. 2	476,765,015	(34,424,686)	172,467,218	251,089,574
Diversified Investment Strategy No. 3	314,578,380	(34,183,052)	115,862,860	190,895,607
Diversified Investment Strategy No. 4	115,414,494	(11,913,970)	45,517,540	74,843,110
Diversified Investment Strategy No. 5	16,729,640	(2,363,920)	2,448,218	6,094,345
Diversified Investment Strategy No. 6	101,944,154	(2,036,039)	30,657,758	53,420,527

DIVERSIFIED INVESTMENT STRATEGIES

DIRECTORS' REPORT (Continued)

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Schemes during the financial year ended 31 December 2019.

Significant Events After the Balance Date

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Schemes, the results of their operations or their state of affairs, which is not already reflected in the Financial Report.

Likely Developments and Expected Results

The investment strategy will be maintained in accordance with each Scheme's Constitution. Currently, there are no significant developments expected in respect of the Schemes. The performance of the Schemes in the future will be subject to movements in the underlying investment markets over time.

Environmental Regulation and Performance

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

Relevant Information

Following is a list of relevant information required under the Corporations Act:

- Fees paid to the Responsible Entity - refer to Note 7 to the Financial Statements
- Units held by the Responsible Entity in the Schemes - refer to Note 7 to the Financial Statements
- Units issued in the Schemes during the financial year - refer to Note 5 to the Financial Statements
- Units withdrawn from the Schemes during the financial year - refer to Note 5 to the Financial Statements
- The value of the Schemes' assets and basis of valuation - refer to the Statements of Financial Position and Note 1 respectively
- The number of units in the Schemes as at 31 December 2019 - refer to Note 5 to the Financial Statements
- Distributions payable to unitholders at the balance date - refer to the Statements of Financial Position

These notes have been presented in accordance with ASIC Corporations (Directors' Report Relief) Instrument 2016/188.

Indemnification and Insurance of Directors and Officers

Under its constitution, ipac Asset Management Limited (the Company) indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited (the Company's ultimate parent company) Board.

During, and since the end of, the financial year ended 31 December 2019, AMP Limited maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Company) against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, AMP Group Holdings Limited ("AMPGH") and current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- those officers will have access to board papers and specified records of the Company (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary (and, in the case of directors, as a current or former officer or specified representative) of the Company, or of another AMP group company or, in certain cases, of an external company (where the person holds the relevant external position at the AMP group's request); and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

During or since the end of the financial year ended 31 December 2019, no payments have been made by the Company to an existing or former officer under an indemnity.

DIVERSIFIED INVESTMENT STRATEGIES

DIRECTORS' REPORT (Continued)

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the financial year ended 31 December 2019.

Related Scheme Reports

ASIC Corporations (Related Scheme Reports) Instrument 2015/839 allows the Financial Statements and the Directors' Report of related registered schemes to be presented in a single Financial Report. This Financial Report has been prepared in accordance with this relief.

Rounding

The amounts contained in the Directors' Report and the Financial Report have been rounded under the option available to the Schemes under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Schemes are entities to which the instrument applies and, in accordance with the instrument, amounts in the Directors' Report and the Financial Report have been rounded to the nearest dollar (where rounding is appropriate).

Signed in accordance with a resolution of the Directors:



Director
9 March 2020, Sydney



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of ipac Asset Management Limited

For the following Diversified Investment Strategies Schemes (the "Schemes"):

- ▶ Diversified Investment Strategy No. 1
- ▶ Diversified Investment Strategy No. 2
- ▶ Diversified Investment Strategy No. 3
- ▶ Diversified Investment Strategy No. 4
- ▶ Diversified Investment Strategy No. 5
- ▶ Diversified Investment Strategy No. 6

As lead auditor for the audits of the financial reports of the above Schemes for the financial year ended 31 December 2019, 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

Mark Jones
Partner
9 March 2020

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Notes	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$	\$	\$	\$	\$
INVESTMENT INCOME									
Distributions		17,914,228	30,514,755	177,471,652	268,589,539	116,142,847	187,141,177	42,737,582	70,404,377
Interest income from financial assets measured at amortised cost		147,290	394,504	498,991	1,570,027	304,396	1,016,057	134,428	388,468
Net foreign exchange gain/(loss) on cash and cash equivalents		(13,031)	15,118	24,239	(11,964)	13,226	(10,776)	15,722	(20,629)
Net changes in the fair value of financial instruments measured at fair value through profit or loss		34,464,298	(23,656,186)	311,793,416	(287,560,676)	204,164,722	(212,876,352)	75,398,944	(79,288,859)
Other income		-	4,277	4,312	67,529	-	39,794	-	11,468
Total investment income/(loss)		52,512,785	7,272,468	489,792,610	(17,345,545)	320,625,191	(24,690,100)	118,286,676	(8,505,175)
EXPENSES									
Interest expense		(5,464)	(2,914)	(12,095)	(27,702)	(13,846)	(13,769)	(6,359)	(4,293)
Responsible entity fees	7(c)	(1,458,191)	(1,331,545)	(9,766,415)	(9,085,846)	(3,667,141)	(3,501,703)	(1,835,792)	(1,755,864)
Responsible entity fees - accrual adjustment	7(c)	-	(413,826)	-	(3,651,468)	-	(2,866,224)	-	(481,566)
Custody fees		(58,640)	-	-	-	(10,496)	-	(56,927)	-
Transaction costs		(499)	(2,512)	(12,381)	(16,885)	(10,965)	(10,089)	(3,130)	(3,631)
Total expenses		(1,522,794)	(1,750,797)	(9,790,891)	(12,781,901)	(3,702,448)	(6,391,785)	(1,902,208)	(2,245,354)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE TAX EXPENSES AND FINANCE COSTS									
		50,989,991	5,521,671	480,001,719	(30,127,446)	316,922,743	(31,081,885)	116,384,468	(10,750,529)
Withholding tax expense		(224,810)	(350,818)	(3,236,704)	(4,297,240)	(2,344,363)	(3,101,167)	(969,974)	(1,163,441)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND BEFORE FINANCE COSTS									
		50,765,181	5,170,853	476,765,015	(34,424,686)	314,578,380	(34,183,052)	115,414,494	(11,913,970)
Finance costs attributable to unitholders									
Distributions to unitholders		(13,036,783)	(25,156,214)	(172,467,218)	(251,089,574)	(115,862,860)	(190,895,607)	(45,517,540)	(74,843,110)
(Increase)/decrease in net assets attributable to unitholders		(37,728,398)	19,985,361	(304,297,797)	285,514,260	(198,715,520)	225,078,659	(69,896,954)	86,757,080
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND FINANCE COSTS									
		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-	-	-	-	-	-	-

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Notes	Diversified Investment Strategy No. 5		Diversified Investment Strategy No. 6	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$
INVESTMENT INCOME					
Distributions		7,526,240	13,984,966	35,740,512	61,279,667
Interest income from financial assets measured at amortised cost		48,653	95,079	128,737	396,237
Net foreign exchange gain/(loss) on cash and cash equivalents		(377)	617	18,812	(17,323)
Net changes in the fair value of financial instruments measured at fair value through profit or loss		9,946,347	(15,445,664)	69,972,359	(59,412,698)
Other income		70,849	99,079	-	10,328
Total investment income/(loss)		<u>17,591,712</u>	<u>(1,265,923)</u>	<u>105,860,420</u>	<u>2,256,211</u>
EXPENSES					
Interest expense		(864)	(737)	(11,697)	(2,201)
Responsible entity fees	7(c)	(724,909)	(938,970)	(3,231,445)	(2,973,609)
Responsible entity fees - accrual adjustment	7(c)	-	-	-	(424,653)
Custody fees		(42,566)	(1,927)	(66,162)	-
Transaction costs		(763)	(746)	(2,172)	(1,403)
Total expenses		<u>(769,102)</u>	<u>(942,380)</u>	<u>(3,311,476)</u>	<u>(3,401,866)</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE TAX EXPENSES AND FINANCE COSTS					
		16,822,610	(2,208,303)	102,548,944	(1,145,655)
Withholding tax expense		<u>(92,970)</u>	<u>(155,617)</u>	<u>(604,790)</u>	<u>(890,384)</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND BEFORE FINANCE COSTS					
		16,729,640	(2,363,920)	101,944,154	(2,036,039)
Finance costs attributable to unitholders					
Distributions to unitholders		(2,448,218)	(6,094,345)	(30,657,758)	(53,420,527)
(Increase)/decrease in net assets attributable to unitholders		<u>(14,281,422)</u>	<u>8,458,265</u>	<u>(71,286,396)</u>	<u>55,456,566</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND FINANCE COSTS					
		-	-	-	-
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$	\$	\$	\$	\$
ASSETS									
Cash and cash equivalents		21,402,364	13,838,792	36,282,990	44,206,919	14,193,713	12,912,301	5,402,193	16,129,593
Broker deposits		33,500	441,773	4,796,171	3,116,376	4,116,534	1,168,733	648,151	978,844
Receivables	3	2,545,562	9,017,814	23,935,102	33,236,765	15,003,864	17,268,983	5,747,977	6,258,827
Financial assets measured at fair value through profit or loss									
Derivative financial instruments		10,500	1,252	727,462	9,955	715,266	4,153	207,320	2,901
Unlisted managed investment funds		504,618,132	507,963,922	2,882,223,969	2,795,139,917	1,621,013,104	1,583,815,179	556,848,092	505,866,292
TOTAL ASSETS		<u>528,610,058</u>	<u>531,263,553</u>	<u>2,947,965,694</u>	<u>2,875,709,932</u>	<u>1,655,042,481</u>	<u>1,615,169,349</u>	<u>568,853,733</u>	<u>529,236,457</u>
LIABILITIES									
Payables	4	493,097	309,275	1,626,126	5,171,556	376,508	671,372	201,719	208,035
Distributions payable		2,064,366	7,709,898	18,498,043	26,643,911	11,672,487	13,539,345	4,644,847	5,167,338
Financial liabilities measured at fair value through profit or loss									
Derivative financial instruments		-	86,253	513,034	829,213	383,866	308,672	505	258,603
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u>2,557,463</u>	<u>8,105,426</u>	<u>20,637,203</u>	<u>32,644,680</u>	<u>12,432,861</u>	<u>14,519,389</u>	<u>4,847,071</u>	<u>5,633,976</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u>526,052,595</u>	<u>523,158,127</u>	<u>2,927,328,491</u>	<u>2,843,065,252</u>	<u>1,642,609,620</u>	<u>1,600,649,960</u>	<u>564,006,662</u>	<u>523,602,481</u>

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	Diversified Investment Strategy No. 5		Diversified Investment Strategy No. 6	
		31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$
ASSETS					
Cash and cash equivalents		1,199,711	2,116,759	7,763,819	20,111,760
Broker deposits		288,854	165,186	809,105	607,437
Receivables	3	763,892	1,368,923	5,234,557	11,467,105
Financial assets measured at fair value through profit or loss					
Derivative financial instruments		68,969	100	81,874	1,450
Unlisted managed investment funds		99,955,077	138,902,090	779,438,706	751,628,217
TOTAL ASSETS		<u>102,276,503</u>	<u>142,553,058</u>	<u>793,328,061</u>	<u>783,815,969</u>
LIABILITIES					
Payables	4	60,154	1,291,651	1,540,099	1,073,557
Distributions payable		375,578	985,459	3,678,067	9,797,889
Financial liabilities measured at fair value through profit or loss					
Derivative financial instruments		15,919	45,496	117,965	167,745
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u>451,651</u>	<u>2,322,606</u>	<u>5,336,131</u>	<u>11,039,191</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u>101,824,852</u>	<u>140,230,452</u>	<u>787,991,930</u>	<u>772,776,778</u>

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the financial year - Liability	523,158,127	576,459,479	2,843,065,252	3,254,010,099	1,600,649,960	1,883,569,873	523,602,481	613,724,553
Applications	54,498,955	64,693,397	230,409,953	228,054,934	70,319,092	80,843,585	32,112,892	44,887,574
Distributions to unitholders reinvested	13,945,997	18,713,332	129,460,059	196,587,749	99,335,516	170,465,363	37,491,001	62,714,506
Redemptions	(103,278,882)	(116,722,720)	(579,904,570)	(550,073,270)	(326,410,468)	(309,150,202)	(99,096,666)	(110,967,072)
	<u>488,324,197</u>	<u>543,143,488</u>	<u>2,623,030,694</u>	<u>3,128,579,512</u>	<u>1,443,894,100</u>	<u>1,825,728,619</u>	<u>494,109,708</u>	<u>610,359,561</u>
Increase/(decrease) in net assets attributable to unitholders	37,728,398	(19,985,361)	304,297,797	(285,514,260)	198,715,520	(225,078,659)	69,896,954	(86,757,080)
Balance at the end of the financial year - Liability	<u><u>526,052,595</u></u>	<u><u>523,158,127</u></u>	<u><u>2,927,328,491</u></u>	<u><u>2,843,065,252</u></u>	<u><u>1,642,609,620</u></u>	<u><u>1,600,649,960</u></u>	<u><u>564,006,662</u></u>	<u><u>523,602,481</u></u>

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Diversified Investment Strategy No. 5		Diversified Investment Strategy No. 6	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$
Balance at the beginning of the financial year - Liability	140,230,452	200,298,707	772,776,778	794,520,696
Applications	121,120	260,975	100,514,272	133,031,494
Distributions to unitholders reinvested	3,009,566	6,873,335	21,258,348	31,788,865
Redemptions	<u>(55,817,708)</u>	<u>(58,744,300)</u>	<u>(177,843,864)</u>	<u>(131,107,711)</u>
	87,543,430	148,688,717	716,705,534	828,233,344
Increase/(decrease) in net assets attributable to unitholders	<u>14,281,422</u>	<u>(8,458,265)</u>	<u>71,286,396</u>	<u>(55,456,566)</u>
Balance at the end of the financial year - Liability	<u><u>101,824,852</u></u>	<u><u>140,230,452</u></u>	<u><u>787,991,930</u></u>	<u><u>772,776,778</u></u>

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Notes	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3	
	31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES						
Proceeds from sales of financial instruments measured at fair value through profit or loss	138,378,673	95,691,840	571,010,545	657,484,240	326,857,624	402,897,024
Payments for purchases of financial instruments measured at fair value through profit or loss	(77,061,333)	(56,050,000)	(163,664,142)	(313,250,000)	(44,456,855)	(171,120,000)
Broker deposits received/(advanced)	408,273	50,394	(1,679,795)	(609,719)	(2,947,801)	(1,168,733)
Distributions received	224,810	350,818	3,236,704	4,297,240	2,344,362	3,101,167
Interest income received	147,290	394,504	498,991	1,570,027	304,396	1,016,057
Interest expense paid	(5,464)	(2,914)	(12,095)	(27,702)	(13,846)	(13,769)
GST received/(paid)	(10,959)	(5,421)	(70,564)	(12,744)	(23,715)	(3,494)
Responsible entity fees paid	(1,444,330)	(1,314,971)	(9,638,115)	(9,068,965)	(3,624,393)	(3,502,778)
Withholding tax paid	(224,810)	(350,818)	(3,236,704)	(4,297,240)	(2,344,363)	(3,101,167)
Custody fees paid	(52,400)	(5,794)	(67,804)	(10,447)	(59,679)	(8,422)
Transaction costs paid	(499)	(2,512)	(12,381)	(16,885)	(10,965)	(10,089)
Net cash inflow/(outflow) from operating activities	60,359,251	38,755,126	396,364,640	336,057,805	276,024,765	228,085,796
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from applications by unitholders	55,068,831	64,231,213	230,346,403	228,602,742	70,336,520	81,223,752
Payments for redemptions by unitholders	(103,115,161)	(117,126,669)	(583,506,184)	(548,223,673)	(326,698,897)	(308,826,877)
Distributions paid to unitholders	(4,736,318)	(4,554,494)	(51,153,027)	(62,758,683)	(18,394,202)	(28,135,052)
Net cash inflow/(outflow) from financing activities	(52,782,648)	(57,449,950)	(404,312,808)	(382,379,614)	(274,756,579)	(255,738,177)
Net increase/(decrease) in cash and cash equivalents held	7,576,603	(18,694,824)	(7,948,168)	(46,321,809)	1,268,186	(27,652,381)
Cash and cash equivalents at the beginning of the financial year	13,838,792	32,518,498	44,206,919	90,540,692	12,912,301	40,575,458
Net foreign exchange gain/(loss) on cash and cash equivalents	(13,031)	15,118	24,239	(11,964)	13,226	(10,776)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	21,402,364	13,838,792	36,282,990	44,206,919	14,193,713	12,912,301

*Cash and cash equivalents include investments in unlisted cash trusts. Further details are disclosed in Note 1(i) Cash and Cash Equivalents and Note 7(b)(i) Related party holdings.

DIVERSIFIED INVESTMENT STRATEGIES

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Notes	Diversified Investment Strategy No. 4		Diversified Investment Strategy No. 5		Diversified Investment Strategy No. 6	
	31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES						
Proceeds from sales of financial instruments measured at fair value through profit or loss	69,698,424	111,889,707	72,696,397	91,399,598	180,159,148	115,463,676
Payments for purchases of financial instruments measured at fair value through profit or loss	(3,585,228)	(35,695,000)	(15,791,375)	(35,383,207)	(96,501,203)	(99,509,999)
Broker deposits received/(advanced)	330,693	(488,538)	(123,668)	(165,186)	(201,668)	(607,437)
Distributions received	969,974	1,163,441	92,969	155,617	588,431	890,383
Interest income received	134,428	388,468	48,653	95,106	128,737	396,237
Interest expense paid	(6,359)	(4,293)	(824)	(737)	(11,697)	(2,201)
GST received/(paid)	(12,537)	(2,533)	(957)	2,677	(22,888)	(9,971)
Responsible entity fees paid	(1,817,665)	(1,757,022)	(737,969)	(958,851)	(3,208,915)	(2,944,342)
Withholding tax paid	(969,974)	(1,163,441)	(92,970)	(155,617)	(604,790)	(890,384)
Custody fees paid	(57,787)	(6,433)	(41,043)	(5,465)	(54,941)	(6,117)
Transaction costs paid	(3,130)	(3,631)	(763)	(746)	(2,172)	(1,403)
Net cash inflow/(outflow) from operating activities	64,680,839	74,320,725	56,048,450	54,983,189	80,268,042	12,778,442
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from applications by unitholders	32,245,318	44,934,659	121,120	260,975	100,311,869	133,072,670
Payments for redemptions by unitholders	(99,120,249)	(110,949,575)	(57,037,708)	(57,551,124)	(177,427,432)	(130,524,605)
Distributions paid to unitholders	(8,549,030)	(13,956,926)	(48,533)	(99,613)	(15,519,232)	(20,157,296)
Net cash inflow/(outflow) from financing activities	(75,423,961)	(79,971,842)	(56,965,121)	(57,389,762)	(92,634,795)	(17,609,231)
Net increase/(decrease) in cash and cash equivalents held	(10,743,122)	(5,651,117)	(916,671)	(2,406,573)	(12,366,753)	(4,830,789)
Cash and cash equivalents at the beginning of the financial year	16,129,593	21,801,339	2,116,759	4,522,715	20,111,760	24,959,872
Net foreign exchange gain/(loss) on cash and cash equivalents	15,722	(20,629)	(377)	617	18,812	(17,323)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	5,402,193	16,129,593	1,199,711	2,116,759	7,763,819	20,111,760

*Cash and cash equivalents include investments in unlisted cash trusts. Further details are disclosed in Note 1(i) Cash and Cash Equivalents and Note 7(b)(i) Related party holdings.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Basis of Preparation

This general purpose Financial Report has been prepared in accordance with each Scheme's Constitution and with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act. The Schemes are for-profit entities for the purposes of preparing Financial Statements. The Financial Report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The assets and liabilities are measured on a fair value basis, except where otherwise stated.

The Statements of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Schemes' assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders. Given the nature of the Schemes, a reasonable estimate cannot be made of the amount of the balances that are unlikely to be settled within 12 months.

Changes in Australian Accounting Standards

The Schemes have adopted all mandatory standards and amendments for the financial year beginning 1 January 2019. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Schemes.

Australian Accounting Standards issued but not yet effective

There are no standards or amendments issued but not yet effective that are expected to have a material impact on the Schemes.

(b) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Schemes become a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

The Responsible Entity classifies the Schemes' financial instruments based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Schemes' portfolio of financial assets is managed, and their performance are evaluated, on a fair value basis in accordance with the Schemes' documented investment strategy. The Schemes use fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies.

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by the AMP Capital Holdings Limited Asset Valuation policy which has been adopted by the Responsible Entity. This Policy outlines the valuation methodologies and processes applied to measure such financial instruments.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Assets Measured at Fair Value Through Profit or Loss (continued)

Unlisted managed investments schemes are measured at fair value through profit or loss.

Financial assets are initially measured at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statements of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statements of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted managed investment funds

The fair value of unlisted managed investment funds is the redemption price of those securities at the balance date.

(d) Derivative Financial Instruments

Derivative financial instruments are held for trading and are measured at fair value through profit or loss. The Schemes do not designate any derivatives as a hedging instrument for hedge accounting purposes. Derivative financial instruments are initially measured at fair value exclusive of any transaction costs on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Transaction costs are expensed as incurred in the Statements of Comprehensive Income.

Derivative financial instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any changes in the fair value of derivative financial instruments are recognised in the Statements of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Where the Schemes' derivative assets and liabilities are traded on an exchange, their fair value is determined by reference to quoted market prices or binding dealer quotations at the balance date.

Where the Schemes' derivative assets and liabilities are not traded on an exchange, their fair value is determined by reference to counterparty valuations or by the Investment Manager.

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by the AMP Capital Holdings Limited Asset Valuation policy which has been adopted by the Responsible Entity. This Policy outlines the valuation methodologies and processes applied to measure such financial instruments.

Futures contracts

Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The fair value of equity and interest rate futures contracts is the last quoted sale price on the relevant futures exchange at the balance date.

(e) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Schemes' investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 1(c), 1(d) and 8(d).

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Significant Accounting Judgements, Estimates and Assumptions (continued)

Assessment of Schemes' investments as structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Schemes.

The Responsible Entity has assessed whether the managed investment funds in which the Schemes invest in should be classified as structured entities. The Responsible Entity has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Responsible Entity has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

As voting rights or similar rights are the dominant factor in deciding who controls the funds, the Responsible Entity has concluded that the managed investment funds in which the Schemes invest in are not structured entities.

(f) Investment Income

The following specific recognition criteria must be met before income is recognised:

Distribution income

Distributions from unlisted managed investment funds are recognised as income on the date the unit is quoted ex-distribution with any related foreign withholding tax recognised as a tax expense.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

Interest income from financial assets measured at amortised cost

Interest income from financial assets measured at amortised cost is earned on cash and cash equivalents and is recognised on an accrual basis.

(g) Expenses

Expenses are recognised in the Statements of Comprehensive Income on an accrual basis.

(h) Broker Deposits

Broker deposits comprise cash held with brokers as collateral for derivative transactions.

(i) Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include investments in unlisted cash trusts (including related party holdings - refer to Note 7(b)(i)), which are readily convertible to cash on hand at the Responsible Entity's option and which the Responsible Entity uses in its day to day management of the Schemes' cash requirements.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at amortised cost and are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their carrying amounts approximate their fair values.

Impairment

The Schemes record expected credit losses (ECLs) on all of its receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Schemes to credit risk, no material ECL has been recognised. The Schemes only hold receivables with no financing component and that have maturities of less than 12 months.

(k) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Schemes. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair values.

(l) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") tax regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. In order to allow the Schemes to elect into the AMIT tax regime, each Scheme's Constitution has been amended and other conditions required to adopt the AMIT tax regime have also been met effective from 31 December 2018. Adopting the AMIT tax regime removes the Responsible Entity's contractual obligation to distribute trust income to unitholders. As the units on issue comprise multiple classes of units with non-identical features, the Schemes' net assets attributable to unitholders cannot be classified as equity; and therefore, have continued to be classified as liabilities in accordance with AASB 132 Financial Instruments: Presentation. As there are no equity holders, total comprehensive income and equity for the Schemes are nil.

The fair value of units requested to be redeemed is measured at the redemption amount that would be payable (based on the exit unit price) at the balance date. Each Scheme's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders. Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interest of the unitholders.

(m) Taxation

Under tax legislation, the Schemes are generally not liable to pay income tax because the AMIT tax regime now applies and unitholders are attributed the income of each Scheme.

The Schemes currently incur withholding tax imposed by certain countries on investment income. Such income is recognised gross of withholding tax in the Statements of Comprehensive Income and the withholding tax is recognised as a tax expense.

(n) Distributions to Unitholders

Distributions are presented in the Statements of Comprehensive Income as finance costs attributable to unitholders. Adopting the AMIT tax regime removes the Responsible Entity's contractual obligation to distribute trust income to unitholders.

(o) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Schemes, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statements of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Terms and Conditions of Units on Issue

The Schemes contain multiple unit classes. Each unit, within a unit class, confers upon the unitholder an equal interest in the Schemes (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Schemes.

Unitholders have various rights under each Scheme's Constitution and the Corporations Act, which, subject to certain terms and conditions, include the right to:

- have their units redeemed
- attend and vote at meetings of unitholders
- participate in the termination and winding up of the Schemes.

The rights, obligations and restrictions attached to each unitholder class are identical in all respects other than the minimum investment requirements and/or fee structures applicable to each class. These terms are detailed in each Scheme's Constitution and other governing documents, as applicable.

Issued and paid up units are initially recognised at the fair value of the consideration received by the Schemes. Applications received for units in the Schemes are recognised net of any transaction costs arising on the issue of units in the Schemes. Redemptions from the Schemes are recognised gross of any transaction costs payable relating to the cancellation of units redeemed. Unit entry and exit prices are determined in accordance with each Scheme's Constitution.

(q) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statements of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

(r) Rounding

The amounts in the Financial Report have been rounded to the nearest dollar, under the option available to the Schemes under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 2: AUDITOR'S REMUNERATION

	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4		Diversified Investment Strategy No. 5	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amounts paid or payable to Ernst & Young, the auditor of the Schemes, for:										
Audit and review of the Financial Statements of the Schemes	5,830	5,720	20,060	19,670	20,060	19,670	11,030	10,820	5,830	5,720
Other services - audit of compliance plan	2,008	1,841	2,008	1,841	2,008	1,841	2,008	1,841	2,008	1,841
	<u>7,838</u>	<u>7,561</u>	<u>22,068</u>	<u>21,511</u>	<u>22,068</u>	<u>21,511</u>	<u>13,038</u>	<u>12,661</u>	<u>7,838</u>	<u>7,561</u>

	Diversified Investment Strategy No. 6	
	31 December 2019	31 December 2018
	\$	\$

Amounts paid or payable to Ernst & Young, the auditor of the Schemes, for:

Audit and review of the Financial Statements of the Schemes	11,030	10,820
Other services - audit of compliance plan	2,008	1,841
	<u>13,038</u>	<u>12,661</u>

For further details of expenses incurred by the Responsible Entity and the Schemes, refer to Note 7(c).

DIVERSIFIED INVESTMENT STRATEGIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 3: RECEIVABLES

	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4		Diversified Investment Strategy No. 5	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Distributions receivable	2,504,809	8,418,144	23,553,773	32,989,550	14,864,009	17,135,415	5,671,750	6,062,711	727,218	1,319,352
GST receivable	37,669	26,710	243,567	173,003	91,937	68,222	46,646	34,109	17,768	16,811
Applications receivable*	3,084	572,960	137,762	74,212	47,918	65,346	29,581	162,007	-	-
Other receivables	-	-	-	-	-	-	-	-	18,906	32,760
	<u>2,545,562</u>	<u>9,017,814</u>	<u>23,935,102</u>	<u>33,236,765</u>	<u>15,003,864</u>	<u>17,268,983</u>	<u>5,747,977</u>	<u>6,258,827</u>	<u>763,892</u>	<u>1,368,923</u>

	Diversified Investment Strategy No. 6	
	31 December 2019	31 December 2018
	\$	\$
Distributions receivable	4,897,984	11,355,823
GST receivable	81,137	58,249
Applications receivable*	255,436	53,033
Other receivables	-	-
	<u>5,234,557</u>	<u>11,467,105</u>

*Applications receivable represents uncontributed capital.

DIVERSIFIED INVESTMENT STRATEGIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 4: PAYABLES

	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4		Diversified Investment Strategy No. 5	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Responsible entity fees payable	130,437	116,576	880,986	752,686	326,451	283,703	161,202	143,075	52,686	65,746
Interest payable	-	-	-	-	-	-	-	-	40	-
Custody fees payable	17,662	11,422	-	72,116	-	49,183	18,919	19,779	7,428	5,905
Outstanding settlements payable	-	-	-	-	-	-	-	-	-	-
Redemptions payable	344,998	181,277	745,140	4,346,754	50,057	338,486	21,598	45,181	-	1,220,000
	<u>493,097</u>	<u>309,275</u>	<u>1,626,126</u>	<u>5,171,556</u>	<u>376,508</u>	<u>671,372</u>	<u>201,719</u>	<u>208,035</u>	<u>60,154</u>	<u>1,291,651</u>

	Diversified Investment Strategy No. 6	
	31 December 2019	31 December 2018
	\$	\$
Responsible entity fees payable	280,891	258,361
Interest payable	-	-
Custody fees payable	26,222	15,001
Outstanding settlements payable	16,359	-
Redemptions payable	1,216,627	800,195
	<u>1,540,099</u>	<u>1,073,557</u>

DIVERSIFIED INVESTMENT STRATEGIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 5: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The movement in the number of units on issue during the financial year was as follows:

	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4	
	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units
Units on issue								
Opening balance	580,739,126	617,592,367	3,161,052,646	3,315,712,015	1,898,210,096	1,966,178,221	615,491,185	619,038,686
Applications	56,395,172	68,601,845	209,012,661	207,435,961	65,815,120	74,235,629	30,162,057	41,617,794
Distributions to unitholders reinvested	15,049,282	20,278,169	142,139,516	215,652,706	113,411,625	193,437,999	42,787,336	70,689,477
Redemptions	<u>(109,041,612)</u>	<u>(125,733,255)</u>	<u>(598,653,715)</u>	<u>(577,748,036)</u>	<u>(354,448,904)</u>	<u>(335,641,753)</u>	<u>(104,554,361)</u>	<u>(115,854,772)</u>
Closing balance	<u>543,141,968</u>	<u>580,739,126</u>	<u>2,913,551,108</u>	<u>3,161,052,646</u>	<u>1,722,987,937</u>	<u>1,898,210,096</u>	<u>583,886,217</u>	<u>615,491,185</u>
Represented by:								
K Class								
Opening balance	72,559,659	78,099,996	255,468,677	250,923,448	112,165,293	102,874,764	63,251,185	57,231,884
Applications	2,927,712	6,788,769	2,531,726	6,467,497	4,401,721	7,083,046	3,899,264	5,411,227
Distributions to unitholders reinvested	1,653,136	2,183,316	11,109,128	17,663,340	6,511,350	9,991,430	4,901,210	7,386,202
Redemptions	<u>(19,463,836)</u>	<u>(14,512,422)</u>	<u>(35,479,619)</u>	<u>(19,585,608)</u>	<u>(15,504,792)</u>	<u>(7,783,947)</u>	<u>(7,328,631)</u>	<u>(6,778,128)</u>
Closing balance	<u>57,676,671</u>	<u>72,559,659</u>	<u>233,629,912</u>	<u>255,468,677</u>	<u>107,573,572</u>	<u>112,165,293</u>	<u>64,723,028</u>	<u>63,251,185</u>
L Class								
Opening balance	134,195,741	91,683,151	749,207,515	650,110,861	245,175,333	213,370,551	99,857,811	86,095,683
Applications	52,874,346	60,086,262	199,995,613	198,061,044	54,760,475	66,240,274	22,040,030	29,551,247
Distributions to unitholders reinvested	29,269	56,521	50,716	103,397	77,524	105,253	37,685	7,166
Redemptions	<u>(25,763,603)</u>	<u>(17,630,193)</u>	<u>(122,400,365)</u>	<u>(99,067,787)</u>	<u>(40,539,270)</u>	<u>(34,540,745)</u>	<u>(21,800,781)</u>	<u>(15,796,285)</u>
Closing balance	<u>161,335,753</u>	<u>134,195,741</u>	<u>826,853,479</u>	<u>749,207,515</u>	<u>259,474,062</u>	<u>245,175,333</u>	<u>100,134,745</u>	<u>99,857,811</u>
Explicit Pricing Class								
Opening balance	4,715,333	4,789,915	10,768,252	9,917,817	3,607,016	3,617,220	4,441,443	3,191,001
Applications	593,114	1,726,814	2,428,637	2,907,420	513,845	912,309	361,987	1,383,699
Distributions to unitholders reinvested	149,004	145,011	733,874	691,445	292,636	352,300	383,731	390,661
Redemptions	<u>(1,222,611)</u>	<u>(1,946,407)</u>	<u>(2,436,912)</u>	<u>(2,748,430)</u>	<u>(810,016)</u>	<u>(1,274,813)</u>	<u>(1,738,581)</u>	<u>(523,918)</u>
Closing balance	<u>4,234,840</u>	<u>4,715,333</u>	<u>11,493,851</u>	<u>10,768,252</u>	<u>3,603,481</u>	<u>3,607,016</u>	<u>3,448,580</u>	<u>4,441,443</u>
No Fee Class								
Opening balance	369,268,393	443,019,305	2,145,608,202	2,404,759,889	1,537,262,454	1,646,315,686	447,940,746	472,520,118
Applications	-	-	4,056,685	-	6,139,079	-	3,860,776	5,271,621
Distributions to unitholders reinvested	13,217,873	17,893,321	130,245,798	197,194,524	106,530,115	182,989,016	37,464,710	62,905,448
Redemptions	<u>(62,591,562)</u>	<u>(91,644,233)</u>	<u>(438,336,819)</u>	<u>(456,346,211)</u>	<u>(297,594,826)</u>	<u>(292,042,248)</u>	<u>(73,686,368)</u>	<u>(92,756,441)</u>
Closing balance	<u>319,894,704</u>	<u>369,268,393</u>	<u>1,841,573,866</u>	<u>2,145,608,202</u>	<u>1,352,336,822</u>	<u>1,537,262,454</u>	<u>415,579,864</u>	<u>447,940,746</u>

DIVERSIFIED INVESTMENT STRATEGIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 5: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

	Diversified Investment Strategy No. 5		Diversified Investment Strategy No. 6	
	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units
Units on issue				
Opening balance	149,754,986	201,735,976	826,887,652	797,952,590
Applications	118,699	264,831	95,853,059	128,505,349
Distributions to unitholders reinvested	3,039,048	6,967,648	22,641,714	33,887,948
Redemptions	(54,907,717)	(59,213,469)	(176,217,038)	(133,458,235)
Closing balance	<u>98,005,016</u>	<u>149,754,986</u>	<u>769,165,387</u>	<u>826,887,652</u>
Represented by:				
K Class				
Opening balance	102,614,344	128,389,539	349,147,348	286,090,059
Applications	118,699	264,831	87,525,303	116,230,217
Distributions to unitholders reinvested	1,888,276	4,245,258	17,126	15,868
Redemptions	(30,177,647)	(30,285,284)	(86,816,663)	(53,188,796)
Closing balance	<u>74,443,672</u>	<u>102,614,344</u>	<u>349,873,114</u>	<u>349,147,348</u>
L Class				
Opening balance	-	-	-	-
Applications	-	-	-	-
Distributions to unitholders reinvested	-	-	-	-
Redemptions	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Explicit Pricing Class				
Opening balance	-	-	23,989,081	23,400,453
Applications	-	-	2,378,959	7,385,804
Distributions to unitholders reinvested	-	-	1,192,673	1,274,870
Redemptions	-	-	(5,256,865)	(8,072,046)
Closing balance	<u>-</u>	<u>-</u>	<u>22,303,848</u>	<u>23,989,081</u>
No Fee Class				
Opening balance	47,140,642	73,346,437	453,751,223	488,462,078
Applications	-	-	5,948,797	4,889,328
Distributions to unitholders reinvested	1,150,772	2,722,390	21,431,915	32,597,210
Redemptions	(24,730,070)	(28,928,185)	(84,143,510)	(72,197,393)
Closing balance	<u>23,561,344</u>	<u>47,140,642</u>	<u>396,988,425</u>	<u>453,751,223</u>

DIVERSIFIED INVESTMENT STRATEGIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 6: CASH AND CASH EQUIVALENTS

	Diversified Investment Strategy No. 1		Diversified Investment Strategy No. 2		Diversified Investment Strategy No. 3		Diversified Investment Strategy No. 4	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reconciliation of net profit/(loss) attributable to unitholders after tax expenses and before finance costs to net cash inflow/(outflow) from operating activities								
Net profit/(loss) attributable to unitholders after tax expenses and before finance costs	50,765,181	5,170,853	476,765,015	(34,424,686)	314,578,380	(34,183,052)	115,414,494	(11,913,970)
Proceeds from sales of financial instruments measured at fair value through profit or loss	138,378,673	95,691,840	571,010,545	657,484,240	326,857,624	402,897,024	69,698,424	111,889,707
Payments for purchases of financial instruments measured at fair value through profit or loss	(77,061,333)	(56,050,000)	(163,664,142)	(313,250,000)	(44,456,855)	(171,120,000)	(3,585,228)	(35,695,000)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(34,464,298)	23,656,186	(311,793,416)	287,560,676	(204,164,722)	212,876,352	(75,398,944)	79,288,859
Investment income reinvested	(23,602,753)	(27,933,613)	(183,670,725)	(269,511,827)	(116,069,891)	(189,223,969)	(42,158,569)	(70,774,872)
Net foreign exchange (gain)/loss on cash and cash equivalents	13,031	(15,118)	(24,239)	11,964	(13,226)	10,776	(15,722)	20,629
Net change in broker deposits/(advances)	408,273	50,394	(1,679,795)	(609,719)	(2,947,801)	(1,168,733)	330,693	(488,538)
Changes in assets and liabilities:								
(Increase)/decrease in receivables	5,902,376	(1,921,921)	9,365,213	8,122,447	2,247,691	7,761,911	378,424	1,868,736
Increase/(decrease) in payables	20,101	106,505	56,184	674,710	(6,435)	235,487	17,267	125,174
Net cash inflow/(outflow) from operating activities	60,359,251	38,755,126	396,364,640	336,057,805	276,024,765	228,085,796	64,680,839	74,320,725
(b) Non-cash financing and operating activities								
Non-cash financing and operating activities carried out during the financial year on normal commercial terms and conditions comprised:								
Distributions to unitholders reinvested	13,945,997	18,713,332	129,460,059	196,587,749	99,335,516	170,465,363	37,491,001	62,714,506
Participation in reinvestment plans	23,602,753	27,933,613	183,670,725	269,511,827	116,069,891	189,223,969	42,158,569	70,774,872
Unlisted unit trust rebates reinvested	-	-	-	-	-	-	-	-

DIVERSIFIED INVESTMENT STRATEGIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)

	Diversified Investment Strategy No. 5		Diversified Investment Strategy No. 6	
	31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$
(a) Reconciliation of net profit/(loss) attributable to unitholders after tax expenses and before finance costs to net cash inflow/(outflow) from operating activities				
Net profit/(loss) attributable to unitholders after tax expenses and before finance costs	16,729,640	(2,363,920)	101,944,154	(2,036,039)
Proceeds from sales of financial instruments measured at fair value through profit or loss	72,696,397	91,399,598	180,159,148	115,463,676
Payments for purchases of financial instruments measured at fair value through profit or loss	(15,791,375)	(35,383,207)	(96,501,203)	(99,509,999)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(9,946,347)	15,445,664	(69,972,359)	59,412,698
Investment income reinvested	(8,110,108)	(14,109,443)	(41,609,920)	(58,255,588)
Net foreign exchange (gain)/loss on cash and cash equivalents	377	(617)	(18,812)	17,323
Net change in broker deposits/(advances)	(123,668)	(165,186)	(201,668)	(607,437)
Changes in assets and liabilities:				
(Increase)/decrease in receivables	605,031	183,719	6,434,951	(1,948,108)
Increase/(decrease) in payables	(11,497)	(23,419)	33,751	241,916
Net cash inflow/(outflow) from operating activities	56,048,450	54,983,189	80,268,042	12,778,442
(b) Non-cash financing and operating activities				
Non-cash financing and operating activities carried out during the financial year on normal commercial terms and conditions comprised:				
Distributions to unitholders reinvested	3,009,566	6,873,335	21,258,348	31,788,865
Participation in reinvestment plans	8,025,405	14,013,654	41,609,920	58,255,588
Unlisted unit trust rebates reinvested	84,703	95,789	-	-

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: RELATED PARTY DISCLOSURES

(a) General Information

The Responsible Entity of the Schemes is ipac Asset Management Limited, a subsidiary of AMP Limited.

(b) Investments

(i) Related party holdings of the Schemes

Details of the Schemes' holdings in related parties, including entities in the same group as the Responsible Entity and other Schemes managed by the Responsible Entity, are set out below:

	Fair value		Interest held		Distributions/interest received or receivable during the financial year	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$		%		\$	
Diversified Investment Strategy No. 1						
AMP Capital Managed Cash Fund	21,402,364	13,838,792	0.45	0.24	139,885	388,325
ipac Alternative Growth Fund	16,188,789	15,446,820	7.25	5.34	67,960	665,110
ipac Specialist Investment Strategies - Australian Cash Strategy No.1	54,649,386	147,480,429	4.01	7.89	1,864,994	3,197,311
ipac Specialist Investment Strategies - Alternative Income Strategy No.1	65,094,237	71,724,252	19.55	20.50	963,519	7,653,581
ipac Specialist Investment Strategies - International Fixed Interest Strategy No 2	144,696,659	117,713,958	13.90	13.50	2,000,918	2,681,014
ipac Specialist Investment Strategies - Australian Share Strategy No 1	51,996,860	42,052,907	2.31	2.07	4,616,545	4,128,908
ipac Specialist Investment Strategies - International Share Strategy No.1	38,410,906	40,630,890	1.86	1.99	4,374,394	6,131,586
ipac Specialist Investment Strategies - International Property Strategy No.1	27,898,345	24,421,741	5.40	5.98	11,726	2,034,326
ipac Diversified Alpha Fund	21,464,339	21,977,455	7.84	6.20	1,478,362	1,514,460
Managed Treasury Fund	52,582,768	-	1.98	-	132,826	-
Other related parties	31,635,843	26,515,470	N/A	N/A	2,178,175	2,157,641
Diversified Investment Strategy No. 2						
AMP Capital Managed Cash Fund	36,283,328	44,208,340	0.76	0.76	498,566	1,530,512
ipac Specialist Investment Strategies - International Fixed Interest Strategy No 2	384,892,186	325,551,457	36.97	37.32	5,493,502	6,890,365
ipac Specialist Investment Strategies - Alternative Income Strategy No.1	65,725,973	59,429,807	19.73	16.98	873,629	9,685,507
ipac Specialist Investment Strategies - Australian Share Strategy No 1	706,970,620	624,436,602	31.45	30.74	65,898,390	65,632,890
ipac Specialist Investment Strategies - International Property Strategy No.1	210,474,800	192,545,107	40.71	47.18	99,466	16,198,470
ipac Specialist Investment Strategies - International Share Strategy No. 2	177,693,872	141,789,677	27.64	25.15	4,664,502	27,624,564
ipac Specialist Investment Strategies - International Smaller Companies Strategy No.1	236,179,144	186,692,675	30.54	26.37	19,566,487	26,797,611
ipac Specialist Investment Strategies - International Share Strategy No.1	483,127,313	495,542,408	23.34	24.23	56,220,517	75,359,943
ipac Alternative Growth Fund	91,265,049	121,743,567	40.89	42.09	383,131	5,242,040
ipac Diversified Alpha Fund	136,449,536	172,221,344	49.87	48.57	10,435,600	11,865,204
ipac Specialist Investment Strategies - Australian Cash Strategy No.1	33,025,314	284,729,598	2.42	15.23	3,097,892	6,930,189
ipac Specialist Investment Strategies - International Share Strategy No. 10	90,441,775	72,974,815	4.59	5.37	-	5,302,202
ipac Specialist Investment Strategies - Australian Share Strategy No. 3	150,432,820	117,482,861	3.76	4.10	7,260,448	6,763,314
Other related parties	115,545,567	-	N/A	-	241,384	-

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: RELATED PARTY DISCLOSURES (Continued)

(b) Investments (continued)

(i) Related party holdings of the Schemes (continued)

	Fair value		Interest held		Distributions/interest received or receivable during the financial year	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	%	%	\$	\$
Diversified Investment Strategy No. 3						
AMP Capital Managed Cash Fund	14,193,713	12,912,301	0.30	0.22	295,509	997,479
ipac Specialist Investment Strategies - International Smaller Companies Strategy No.1	166,747,407	151,872,704	21.56	21.45	15,724,277	19,777,997
ipac Specialist Investment Strategies - International Share Strategy No. 2	160,802,319	131,511,256	25.02	23.33	4,326,369	32,630,836
ipac Specialist Investment Strategies - Australian Share Strategy No 1	532,993,639	469,707,318	23.71	23.13	49,590,506	49,109,293
ipac Specialist Investment Strategies - International Share Strategy No.1	307,690,014	329,162,282	14.86	16.09	35,421,871	52,188,009
ipac Specialist Investment Strategies - International Property Strategy No.1	117,435,839	107,395,324	22.71	26.31	55,594	8,720,933
ipac Specialist Investment Strategies - International Share Strategy No. 10	88,800,474	77,635,817	4.51	5.71	-	7,120,441
ipac Diversified Alpha Fund	68,493,042	84,505,775	25.03	23.83	4,717,124	5,821,028
ipac Specialist Investment Strategies - International Fixed Interest Strategy No 2	66,627,855	54,834,762	6.40	6.29	947,120	1,161,505
ipac Alternative Growth Fund	51,097,386	81,377,974	22.90	28.13	214,507	3,503,976
Other related parties	60,325,129	95,811,968	N/A	N/A	2,801,116	4,005,991
Diversified Investment Strategy No. 4						
AMP Capital Managed Cash Fund	5,409,670	16,129,593	0.11	0.28	124,519	380,394
ipac Specialist Investment Strategies - International Share Strategy No. 2	75,728,029	60,426,692	11.78	10.72	1,987,877	17,286,265
ipac Specialist Investment Strategies - Australian Share Strategy No 1	190,062,808	163,381,706	8.45	8.04	17,498,256	16,931,856
ipac Specialist Investment Strategies - International Share Strategy No.1	128,452,493	132,462,917	6.21	6.48	14,629,118	20,627,174
ipac Specialist Investment Strategies - International Smaller Companies Strategy No.1	69,778,490	57,959,591	9.02	8.19	6,047,572	8,157,860
ipac Alternative Growth Fund	22,435,296	22,120,652	10.05	7.65	94,184	952,472
ipac Specialist Investment Strategies - International Property Strategy No.1	28,522,441	27,156,263	5.52	6.65	13,533	2,155,545
Other related parties	41,868,535	42,358,471	N/A	N/A	1,497,068	3,129,764
Diversified Investment Strategy No. 5						
AMP Capital Managed Cash Fund	1,199,710	2,116,759	0.03	0.04	43,532	90,890
ipac Diversified Alpha Fund	12,155,931	40,506,820	4.44	11.42	1,700,246	2,787,854
ipac Specialist Investment Strategies - Australian Share Strategy No. 1	18,209,890	21,105,563	0.81	1.04	2,059,191	2,448,783
ipac Specialist Investment Strategies - International Share Strategy No. 1	8,836,289	12,858,608	0.43	0.63	1,232,625	2,224,384
ipac Specialist Investment Strategies - International Share Strategy No. 2	5,907,935	7,531,018	0.92	1.34	236,934	2,126,172
ipac Specialist Investment Strategies - International Fixed Interest Strategy No. 2	11,212,501	11,855,284	1.08	1.36	195,991	313,891
ipac Specialist Investment Strategies - International Property Strategy No. 1	6,302,720	7,341,594	1.22	1.80	3,527	565,728
AFS Alternative Fund 1	9,965,837	-	1.4	-	137,856	-

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: RELATED PARTY DISCLOSURES (Continued)

(b) Investments (continued)

(i) Related party holdings of the Schemes (continued)

	Fair value		Interest held		Distributions/interest received or receivable during the financial year	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	%	%	\$	\$
Diversified Investment Strategy No. 5 (continued)						
Other related parties	17,471,481	24,753,545	N/A	N/A	690,125	2,096,323
Diversified Investment Strategy No. 6						
AMP Capital Managed Cash Fund	7,763,819	17,817,559	0.16	0.31	121,437	394,131
ipac Specialist Investment Strategies - Alternative Income Strategy No.1	65,659,977	76,278,858	19.71	21.80	1,009,774	7,895,110
ipac Specialist Investment Strategies - International Fixed Interest Strategy No 2	157,787,957	119,811,443	15.16	13.74	2,137,565	2,763,066
ipac Specialist Investment Strategies - International Property Strategy No.1	57,434,053	49,288,988	11.11	12.08	25,926	4,141,630
ipac Specialist Investment Strategies - Australian Cash Strategy No.1	60,227,503	167,797,197	4.42	8.97	2,031,868	3,483,562
ipac Specialist Investment Strategies - Australian Share Strategy No 1	122,418,631	103,717,923	5.45	5.11	11,353,783	11,022,025
ipac Specialist Investment Strategies - International Share Strategy No. 1	84,697,836	86,812,158	4.09	4.24	10,011,130	13,965,670
ipac Diversified Alpha Fund	33,074,039	32,448,920	12.09	9.15	2,278,133	2,121,727
ipac Specialist Investment Strategies - International Smaller Companies Strategy No.1	42,232,833	33,383,813	5.46	4.71	3,498,819	5,070,138
ipac Specialist Investment Strategies - International Share Strategy No. 2	37,200,796	31,823,946	5.79	5.65	1,046,923	7,707,024
Managed Treasury Fund	55,601,678	-	2.09	-	137,366	-
ipac Alternative Growth Fund	16,341,277	13,255,155	7.32	4.58	68,601	570,741
Other related parties	46,762,126	37,009,816	N/A	N/A	1,535,835	1,648,589

(ii) Related party investors in the Schemes

Details of related party investors in the Schemes, including the Responsible Entity, entities in the same group as the Responsible Entity and other Schemes managed by the Responsible Entity, are set out below:

	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions paid or payable during the financial year \$
Diversified Investment Strategy No. 1					
31 December 2019					
AMP Life Limited	48,008,591	8.61	4,549,262	(12,519,657)	932,982
Classic Portfolio 1	10,525,139	1.94	631,418	(9,489,180)	367,958
Generations Defensive Trust	45,253,883	8.33	1,913,256	(9,709,048)	1,264,444
Pathways 30	234,901,067	43.24	9,340,809	(33,098,644)	6,247,429
Summit Select Trust	29,214,615	5.38	1,332,390	(10,294,690)	851,089

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: RELATED PARTY DISCLOSURES (Continued)

(b) Investments (continued)

(ii) Related party investors in the Schemes (continued)

	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions paid or payable during the financial year \$
Diversified Investment Strategy No. 1 (continued)					
31 December 2018					
AMP Life Limited	55,978,986	9.40	8,594,545	(10,748,170)	2,208,798
Classic Portfolio 1	19,382,901	3.34	1,076,023	(12,328,159)	953,876
Generations Defensive Trust	53,049,675	9.14	2,609,203	(12,971,235)	2,506,035
Pathways 30	258,658,902	44.56	12,259,349	(50,010,531)	11,920,706
Summit Select Trust	38,176,915	6.58	1,948,745	(16,334,307)	1,799,502
Diversified Investment Strategy No. 2					
31 December 2019					
AMP Life Limited	211,528,714	7.39	13,293,924	(28,325,117)	9,976,049
Generations Balanced Trust	463,795,792	15.03	32,287,852	(99,688,024)	28,070,737
Pathways 70	1,044,487,442	33.85	72,352,194	(204,331,812)	63,068,095
Summit Select Trust	270,566,190	8.77	24,172,347	(88,625,310)	17,315,087
Other related parties	62,724,442	2.03	5,490,091	(45,691,674)	4,537,951
31 December 2018					
AMP Life Limited	226,559,907	7.30	23,091,528	(12,979,494)	16,937,244
Generations Balanced Trust	531,195,964	15.99	47,794,234	(82,896,559)	41,572,642
Pathways 70	1,176,467,060	35.41	107,588,646	(255,566,752)	92,929,536
Summit Select Trust	335,019,153	10.08	31,677,022	(79,100,570)	27,342,740
Other related parties	102,926,025	3.10	10,153,804	(38,801,512)	8,630,813
Diversified Investment Strategy No. 3					
31 December 2019					
Generations - Growth Trust	444,044,826	24.95	34,455,208	(81,014,327)	29,869,564
Pathways 85	675,243,679	37.94	52,864,623	(141,936,814)	45,692,516
Summit Select Active Growth	197,367,171	11.09	22,099,325	(57,462,427)	13,730,926
AMP Life Limited	95,395,855	5.42	10,026,003	(13,313,928)	5,590,913
Other related parties	35,681,146	2.00	3,250,037	(17,181,257)	2,744,955
31 December 2018					
Generations - Growth Trust	490,603,945	25.12	56,573,053	(62,000,162)	47,751,468
Pathways 85	764,315,870	39.13	91,369,000	(157,842,863)	76,729,706
Summit Select Active Growth	232,730,273	11.92	28,580,569	(50,707,646)	23,999,415
AMP Life Limited	98,683,780	5.12	15,851,691	(7,171,006)	8,798,846
Other related parties	49,612,366	2.54	6,563,150	(21,588,333)	5,420,985

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: RELATED PARTY DISCLOSURES (Continued)

(b) Investments (continued)

(ii) Related party investors in the Schemes (continued)

	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions paid or payable during the financial year \$
Diversified Investment Strategy No. 4					
31 December 2019					
AMP Life Limited	62,041,736	10.36	8,662,182	(6,997,950)	4,311,197
Generations - High Growth Trust	156,942,671	25.80	14,208,841	(24,035,053)	12,327,718
Pathways 95	187,798,601	30.87	16,914,397	(34,498,096)	14,617,713
Summit Select Trust	70,838,592	11.64	10,202,248	(15,153,219)	5,495,923
31 December 2018					
AMP Life Limited	60,377,504	9.60	12,581,369	(6,561,947)	6,598,170
Generations - High Growth Trust	166,768,883	26.05	23,107,876	(20,246,696)	19,962,368
Pathways 95	205,382,300	32.08	29,262,833	(55,759,112)	24,964,378
Summit Select Trust	75,789,563	11.84	15,806,360	(16,750,633)	9,111,383
Diversified Investment Strategy No. 5					
31 December 2019					
Pathways Value	18,877,093	19.12	446,184	(4,828,339)	368,931
Classic Value Portfolio	23,561,344	24.59	1,150,772	(24,730,070)	876,453
Generations Alternative Balanced Trust	10,836,444	10.98	256,130	(3,115,116)	209,819
Summit Select Alternative Balanced Trust	40,411,369	40.94	1,137,779	(21,007,739)	913,634
AMP Life Limited	2,087,662	2.11	48,544	(958,169)	37,199
31 December 2018					
Pathways Value	23,259,248	15.38	943,149	(5,440,568)	826,052
Classic Value Portfolio	47,140,642	32.13	2,722,391	(28,928,186)	2,314,559
Generations Alternative Balanced Trust	13,695,430	9.06	535,804	(2,960,977)	469,101
Summit Select Alternative Balanced Trust	60,281,329	39.87	2,854,743	(20,964,335)	2,292,891
AMP Life Limited	2,997,287	1.98	139,482	(297,359)	102,797
Diversified Investment Strategy No. 6					
31 December 2019					
AMP Life Limited	148,180,014	18.50	12,773,651	(24,482,703)	6,168,438
Generations - Moderately Defensive Trust	132,892,127	16.59	7,353,569	(31,731,627)	5,778,759
Summit Select Trust	115,916,284	14.47	7,253,492	(27,929,180)	5,017,412

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: RELATED PARTY DISCLOSURES (Continued)

(b) Investments (continued)

(ii) Related party investors in the Schemes (continued)

	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions paid or payable during the financial year \$
Diversified Investment Strategy No. 6 (continued)					
31 December 2018					
AMP Life Limited	159,889,066	18.60	16,066,122	(18,572,171)	10,624,421
Generations - Moderately Defensive Trust	157,270,185	18.30	11,415,224	(29,986,890)	10,675,729
Summit Select Trust	136,591,972	15.89	10,020,290	(23,653,430)	9,393,799

(c) Transactions with the Responsible Entity and its related parties

All transactions between the Schemes and related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of financial instruments, as well as applications and redemptions of units.

In accordance with each Scheme's Constitution, the Responsible Entity is entitled to receive fees for the provision of services to the Schemes and to be reimbursed for certain expenditure incurred in the administration of the Schemes.

	31 December 2019 \$	31 December 2018 \$
Responsible entity fees expensed during the financial year		
Diversified Investment Strategy No. 1	1,458,191	1,331,545
Diversified Investment Strategy No. 2	9,766,415	9,085,846
Diversified Investment Strategy No. 3	3,667,141	3,501,703
Diversified Investment Strategy No. 4	1,835,792	1,755,864
Diversified Investment Strategy No. 5	724,909	938,970
Diversified Investment Strategy No. 6	3,231,445	2,973,609

During the financial year the Responsible Entity incurred certain expenses on behalf of the Schemes. Other expenses incurred by the Responsible Entity may be reimbursable from the Schemes to the Responsible Entity in accordance with each Scheme's Constitution and other governing documents, as applicable.

	31 December 2019 \$	31 December 2018 \$
Responsible entity fees - accrual adjustment		
Diversified Investment Strategy No. 1	-	413,826
Diversified Investment Strategy No. 2	-	3,651,468
Diversified Investment Strategy No. 3	-	2,866,224
Diversified Investment Strategy No. 4	-	481,566
Diversified Investment Strategy No. 6	-	424,653

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: RELATED PARTY DISCLOSURES (Continued)

(d) Key Management Personnel

AASB 124 "Related Party Disclosures" defines key management personnel ("KMP") as including all Non-Executive Directors, Executive Directors and any other persons having authority or responsibility for planning, directing and controlling the activities of the Schemes. The Schemes have no direct employees, however the Directors of the Responsible Entity have been deemed to be Directors of the Schemes. These individuals comprise the KMP of the Schemes.

Key management personnel services are provided by the Responsible Entity and the remuneration paid to the Responsible Entity is detailed in Note 7(c) above. No Director of the Responsible Entity was paid any remuneration by the Schemes during the financial year. Compensation paid to these Directors by the Responsible Entity, or related entities of the Responsible Entity, is not related to services they render to the individual funds.

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Schemes' activities, and are managed through a process of ongoing identification, measurement and monitoring.

Financial instruments of the Schemes comprise investments in financial assets and liabilities measured at fair value through profit or loss, cash and cash equivalents, broker deposits, net assets attributable to unitholders, and other financial instruments such as receivables and payables, which arise directly from the Schemes' operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments. The Schemes are exposed to credit risk, liquidity risk and market risk.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Schemes from reasonably possible changes in the relevant risk variables. Information about these risk exposures for the financial year is provided below. Where the Schemes have material risk exposures, risk sensitivity analysis is presented for illustrative purposes. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Schemes, as well as the level of risk that the Schemes are willing to accept.

The management of these risks is carried out by AMP Capital Investors Limited, as investment manager, including at its investment committees, under policies adopted by the Responsible Entity.

As part of its risk management strategy, the Schemes may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

To avoid excessive concentrations of risk, the Schemes monitor their exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative financial instruments to manage the excessive risk concentrations when they arise.

The Responsible Entity's objectives when managing capital are to safeguard the Schemes' ability to continue as a going concern, so it can continue to provide returns to unitholders and to maintain an optimal capital structure. To maintain or adjust the capital structure, the Responsible Entity may reinvest distributions. The Schemes do not have any externally imposed capital requirements.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations under a contract.

The Schemes' maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statements of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the maximum exposure at the balance date.

In relation to investments in equity securities and managed investment funds, the credit risk associated with these financial instruments is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk.

In relation to derivative financial instruments, the credit risk associated with these financial instruments is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk. Credit risk associated with non-exchange traded derivative financial instruments is minimised through the use of master netting agreements, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk.

Credit risk is not considered to be significant to the Schemes. Receivable balances are monitored on an ongoing basis. The Schemes' exposure to bad debts is not significant.

The Schemes hold no collateral as security or any other credit enhancements, other than broker deposits. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

(b) Liquidity risk

Liquidity risk is the risk that the Schemes will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due.

The Schemes manage liquidity risk by monitoring application and redemption requests to ensure sufficient liquidity is available; investing in financial instruments which under normal market conditions are readily convertible to cash; and maintaining sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Schemes comprise trade and other payables, distributions payable, derivative financial instruments and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are payable on demand, however the Responsible Entity has the power under each Scheme's Constitution to amend the timing of redemption payments.

Derivative financial instruments measured at fair value through profit or loss are held for trading as they are held for the purposes of:

- reducing risks which may occur as a result of changes in interest rates, credit risk, equity prices, currency movements or other factors; and/or
- gaining exposure to physical investments.

Although they have contractual maturities, management's expectation is that they will typically dispose of them within a shorter period of time.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

Maturities of gross settled derivative financial instruments

The table below details the Schemes' derivative financial instruments (assets and liabilities) into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 month \$	1-3 months \$	3-12 months \$	Greater than 1 year \$	Total \$
Diversified Investment Strategy No. 1					
31 December 2019					
Inflows	-	10,500	-	-	10,500
(Outflows)	-	-	-	-	-
31 December 2018					
Inflows	1,152	100	-	-	1,252
(Outflows)	-	(86,253)	-	-	(86,253)
Diversified Investment Strategy No. 2					
31 December 2019					
Inflows	-	727,462	-	-	727,462
(Outflows)	(1,422)	(511,592)	-	-	(513,014)
31 December 2018					
Inflows	8,064	1,891	-	-	9,955
(Outflows)	-	(829,213)	-	-	(829,213)
Diversified Investment Strategy No. 3					
31 December 2019					
Inflows	-	715,266	-	-	715,266
(Outflows)	-	(383,866)	-	-	(383,866)
31 December 2018					
Inflows	3,456	697	-	-	4,153
(Outflows)	-	(308,672)	-	-	(308,672)

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

Maturities of gross settled derivative financial instruments (continued)

	Less than 1 month \$	1-3 months \$	3-12 months \$	Greater than 1 year \$	Total \$
Diversified Investment Strategy No. 4					
31 December 2019					
Inflows	-	207,320	-	-	207,320
(Outflows)	-	(505)	-	-	(505)
31 December 2018					
Inflows	2,304	597	-	-	2,901
(Outflows)	-	(258,603)	-	-	(258,603)
Diversified Investment Strategy No. 5					
31 December 2019					
Inflows	-	68,969	-	-	68,969
(Outflows)	-	(15,919)	-	-	(15,919)
31 December 2018					
Inflows	-	100	-	-	100
(Outflows)	-	(45,496)	-	-	(45,496)
Diversified Investment Strategy No. 6					
31 December 2019					
Inflows	-	81,874	-	-	81,874
(Outflows)	-	(117,965)	-	-	(117,965)
31 December 2018					
Inflows	1,151	299	-	-	1,450
(Outflows)	-	(167,745)	-	-	(167,745)

(c) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Australian Accounting Standards require the disclosure of sensitivity to changes in market risk variables such as interest rates, foreign exchange rates and equity prices. This sensitivity is not intended to show the impact on the Schemes' financial performance for the entire period, just an illustrative example of the direct impact of a change in the value of the financial instruments measured at the balance date as a result of the change in market rate. The sensitivity is required to show the impact of a reasonably possible change in market rate over the period to the subsequent balance date. It is not intended to illustrate a remote, worst case or stress test scenario.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The interest rate sensitivity of cash and cash equivalents is not significant to the Schemes.

Foreign exchange risk

Foreign exchange risk is the risk that the value of monetary securities denominated in currencies other than the Australian dollar will fluctuate due to changes in foreign exchange rates. The risk is measured using sensitivity analysis.

As the Schemes have no direct exposure to monetary securities denominated in currencies other than the Australian dollar, foreign exchange risk sensitivity has not been presented.

Price risk

Price risk is the risk that the fair value of equity securities, equity derivatives and managed investment funds decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual equity securities or managed investment funds or factors affecting all financial instruments in the market. Price risk exposure arises from the Schemes' investment portfolios. 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.

Price risk is managed by monitoring compliance with established investment mandate limits.

All securities present a risk of loss of capital. The maximum risk resulting from equity securities and managed investment funds is determined by the fair value of the financial instruments. The maximum risk resulting from equity derivatives is determined by reference to the notional value of the financial instruments.

The table below demonstrates the impact of a 15% movement in the price of units in equity securities, equity derivatives and managed investment funds. This sensitivity analysis has been performed to assess the direct risk of holding equity securities, equity derivatives and managed investment funds with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

	Price Risk	
	-15%	+15%
	\$	\$
Diversified Investment Strategy No. 1		
31 December 2019	(75,694,295)	75,694,295
31 December 2018	(76,181,838)	76,181,838
Diversified Investment Strategy No. 2		
31 December 2019	(432,365,760)	432,365,760
31 December 2018	(419,148,099)	419,148,099
Diversified Investment Strategy No. 3		
31 December 2019	(243,201,676)	243,201,676
31 December 2018	(237,526,599)	237,526,599
Diversified Investment Strategy No. 4		
31 December 2019	(83,558,236)	83,558,236
31 December 2018	(75,841,589)	75,841,589

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

Price risk (continued)

	Price Risk	
	-15%	+15%
	\$	\$
Diversified Investment Strategy No. 5		
31 December 2019	(15,001,219)	15,001,219
31 December 2018	(20,828,504)	20,828,504
Diversified Investment Strategy No. 6		
31 December 2019	(116,910,392)	116,910,392
31 December 2018	(112,719,288)	112,719,288

(d) Fair value measurement

Financial assets and liabilities measured at fair value are categorised under a three-level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial asset or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These may include investment grade corporate bonds, certain unlisted unit trusts and over-the-counter derivatives.

Typically, prices of units in unlisted managed investment trusts that are published on the investment manager's website and/or obtained from unitholder statements, are categorised as Level 2.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Schemes' own data, reflecting the Schemes' own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

The table below shows the Schemes' financial assets and liabilities measured at fair value on a recurring basis by each level of the fair value hierarchy. The Schemes did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2019 (31 December 2018: nil).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Diversified Investment Strategy No. 1				
31 December 2019				
Derivative financial assets	10,500	-	-	10,500
Derivative financial liabilities	-	-	-	-
Unlisted managed investment funds	-	504,618,132	-	504,618,132
Total	10,500	504,618,132	-	504,628,632

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Diversified Investment Strategy No. 1 (continued)				
31 December 2018				
Derivative financial assets	1,252	-	-	1,252
Derivative financial liabilities	(86,253)	-	-	(86,253)
Unlisted managed investment funds	-	507,963,922	-	507,963,922
Total	<u>(85,001)</u>	<u>507,963,922</u>	<u>-</u>	<u>507,878,921</u>
Diversified Investment Strategy No. 2				
31 December 2019				
Derivative financial assets	727,462	-	-	727,462
Derivative financial liabilities	(513,034)	-	-	(513,034)
Unlisted managed investment funds	-	2,882,223,969	-	2,882,223,969
Total	<u>214,428</u>	<u>2,882,223,969</u>	<u>-</u>	<u>2,882,438,397</u>
31 December 2018				
Derivative financial assets	9,955	-	-	9,955
Derivative financial liabilities	(829,213)	-	-	(829,213)
Unlisted managed investment funds	-	2,795,139,917	-	2,795,139,917
Total	<u>(819,258)</u>	<u>2,795,139,917</u>	<u>-</u>	<u>2,794,320,659</u>
Diversified Investment Strategy No. 3				
31 December 2019				
Derivative financial assets	715,266	-	-	715,266
Derivative financial liabilities	(383,866)	-	-	(383,866)
Unlisted managed investment funds	-	1,621,013,104	-	1,621,013,104
Total	<u>331,400</u>	<u>1,621,013,104</u>	<u>-</u>	<u>1,621,344,504</u>
31 December 2018				
Derivative financial assets	4,153	-	-	4,153
Derivative financial liabilities	(308,672)	-	-	(308,672)
Unlisted managed investment funds	-	1,583,815,179	-	1,583,815,179
Total	<u>(304,519)</u>	<u>1,583,815,179</u>	<u>-</u>	<u>1,583,510,660</u>
Diversified Investment Strategy No. 4				
31 December 2019				
Derivative financial assets	207,320	-	-	207,320
Derivative financial liabilities	(505)	-	-	(505)
Unlisted managed investment funds	-	556,848,092	-	556,848,092
Total	<u>206,815</u>	<u>556,848,092</u>	<u>-</u>	<u>557,054,907</u>

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Diversified Investment Strategy No. 4 (continued)				
31 December 2018				
Derivative financial assets	2,901	-	-	2,901
Derivative financial liabilities	(258,603)	-	-	(258,603)
Unlisted managed investment funds	-	505,866,292	-	505,866,292
Total	<u>(255,702)</u>	<u>505,866,292</u>	<u>-</u>	<u>505,610,590</u>
Diversified Investment Strategy No. 5				
31 December 2019				
Derivative financial assets	68,969	-	-	68,969
Derivative financial liabilities	(15,919)	-	-	(15,919)
Unlisted managed investment funds	-	99,955,077	-	99,955,077
Total	<u>53,050</u>	<u>99,955,077</u>	<u>-</u>	<u>100,008,127</u>
31 December 2018				
Derivative financial assets	100	-	-	100
Derivative financial liabilities	(45,496)	-	-	(45,496)
Unlisted managed investment funds	-	138,902,090	-	138,902,090
Total	<u>(45,396)</u>	<u>138,902,090</u>	<u>-</u>	<u>138,856,694</u>
Diversified Investment Strategy No. 6				
31 December 2019				
Derivative financial assets	81,874	-	-	81,874
Derivative financial liabilities	(117,965)	-	-	(117,965)
Unlisted managed investment funds	-	779,438,706	-	779,438,706
Total	<u>(36,091)</u>	<u>779,438,706</u>	<u>-</u>	<u>779,402,615</u>
31 December 2018				
Derivative financial assets	1,450	-	-	1,450
Derivative financial liabilities	(167,745)	-	-	(167,745)
Unlisted managed investment funds	-	751,628,217	-	751,628,217
Total	<u>(166,295)</u>	<u>751,628,217</u>	<u>-</u>	<u>751,461,922</u>

The Schemes recognise transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year ended 31 December 2019 (financial year ended 31 December 2018: nil).

Valuation techniques

The valuation techniques and inputs used in measuring the fair value of financial assets and liabilities are outlined in Note 1(c) and 1(d).

There were no material changes in valuation techniques during the financial year.

DIVERSIFIED INVESTMENT STRATEGIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 9: COMMITMENTS AND CONTINGENCIES

The Schemes had no commitments or contingencies at 31 December 2019 (31 December 2018: nil).

NOTE 10: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 31 December 2019, there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Schemes.

NOTE 11: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Schemes for the financial year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors of ipac Asset Management Limited on 9 March 2020.

DIVERSIFIED INVESTMENT STRATEGIES

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ipac Asset Management Limited, the Responsible Entity, I state that for the purpose of section 295(4) of the Corporations Act, in the opinion of the Directors of the Responsible Entity:

Diversified Investment Strategy No. 1
Diversified Investment Strategy No. 2
Diversified Investment Strategy No. 3
Diversified Investment Strategy No. 4
Diversified Investment Strategy No. 5
Diversified Investment Strategy No. 6

- (a) The Financial Statements and notes are in accordance with the Corporations Act, including section 296 (compliance with accounting standards) and section 297 (true and fair view);
- (b) There are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable; and
- (c) The Financial Statements and notes comply with International Financial Reporting Standards applicable to annual reporting as disclosed in Note 1(a).



Director
9 March 2020, Sydney



**Building a better
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Independent Auditor's Report to the unitholders of Diversified Investment Strategies

Opinion

For the following Diversified Investment Strategies Schemes (the "Schemes"):

- ▶ Diversified Investment Strategy No. 1
- ▶ Diversified Investment Strategy No. 2
- ▶ Diversified Investment Strategy No. 3
- ▶ Diversified Investment Strategy No. 4
- ▶ Diversified Investment Strategy No. 5
- ▶ Diversified Investment Strategy No. 6

We have audited the financial reports of the Schemes, which comprise the statements of financial position as at 31 December 2019, the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial reports of the Schemes are in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Schemes' financial position as at 31 December 2019 and of their financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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



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

The directors of ipac Asset Management Limited as the Responsible Entity of the Schemes (the "Responsible Entity") are responsible for the other information. The other information is the directors' report accompanying the financial reports.

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

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits 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 reports that give 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 reports that give a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

- ▶ Identify and assess the risks of material misstatement of the financial reports, 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 audits 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 Responsible Entity'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 Schemes' 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 reports 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 Schemes to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.



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Ernst & Young

Mark Jones
Partner
Sydney
9 March 2020