

Pendal Enhanced Property Securities Fund

ARSN 088 826 804

**Annual report - for the period 1 October 2020 to
28 June 2021**

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These financial statements cover Pendal Enhanced Property Securities Fund as an individual entity.

The Responsible Entity of Pendal Enhanced Property Securities Fund is Pendal Fund Services Limited (ABN 13 161 249 332). The Responsible Entity's registered office is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

Directors' report

The directors of Pendal Fund Services Limited, the Responsible Entity of the Pendal Enhanced Property Securities Fund ("the Fund"), present their report together with the Fund's financial statements for the period 1 October 2020 to 28 June 2021.

Principal activities

The Board approved the termination of the Fund effective 21 June 2021 and the last unitholders' units were redeemed effective 21 June 2021. Final balances settled on 28 June 2021 completing the termination of the Fund. As such, the financial statements have not been prepared on a going concern basis. There is no impact on the financial position of the Fund.

Until the last unitholders' units were redeemed, the Fund continued to invest in equities, derivatives and cash management trusts in accordance with the provisions of the governing documents.

The Fund did not have any employees during the period.

Other than as noted in this report, there were no significant changes in the nature of the Fund's activities during the period.

Directors

The following persons held office as directors of Pendal Fund Services Limited during the period or since the end of the period and up to the date of this report:

Richard Brandweiner (appointed 6 March 2019)
Justin Howell (appointed 7 May 2018)
Anthony Serhan (appointed 6 December 2019)
Cameron Williamson (appointed 15 November 2012)

Review and results of operations

The Fund has changed its financial year end from 30 September to 30 June. As a result of the change in year end, the financial period of the Fund is from 1 October 2020 to 28 June 2021. The comparative disclosures are for the 12 months ended 30 September 2020.

During April 2021 the Parent entity, BT Multi-manager Accumulator Fund, fully redeemed its holding in the Fund as part of a restructure of their investments. This mainly occurred via an in-specie transfer of assets.

The directors and management have assessed the potential financial and other impacts to the Fund of the actions taken to address the coronavirus (COVID-19) global pandemic. The severity and length of the global pandemic and the depth and duration of the associated effects on economic and business activity and on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

There have been no other significant changes to the Fund's operations since the previous financial year. The Fund continued to invest in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

Directors' report (continued)

Review and results of operations (continued)

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

	Period 1 October 2020 to 28 June 2021	Year ended 30 September 2020
Operating profit/(loss) (\$)	<u>77,430,420</u>	<u>(58,223,536)</u>

Distributions

Distributions paid and payable (\$)	<u>324,067,366</u>	<u>44,339,828</u>
Distributions (cents per unit)	<u>84.517</u>	<u>10.800</u>

The key differences, if any, between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	As at	
	28 June 2021	30 September 2020
	\$	\$
Redemption value of outstanding units	-	455,448,984
Adjustment for differences in valuation inputs	-	<u>1,161,651</u>
Net assets attributable to unitholders	-	<u>456,610,635</u>

Significant changes in the state of affairs

The last unitholders' units were redeemed effective 21 June 2021 with final balances settled on 28 June 2021 completing the termination of the Fund. This report contains the final set of financial statements for the Fund.

Other than as noted in this report, in the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial period.

Matters subsequent to the end of the financial period

As the Fund has terminated, there have been no matters subsequent to the end of the financial period that significantly affected, or may significantly affect, the Fund.

Likely developments and expected results of operations

The last unitholders' units were redeemed effective 21 June 2021 with final balances settled on 28 June 2021 completing the termination of the Fund.

Indemnity and insurance of officers

No insurance premiums were paid for out of the assets of the Fund for insurance cover provided to the officers of the Responsible Entity.

Indemnity of auditors

The auditors of the Fund were in no way indemnified out of the assets of the Fund.

Directors' report (continued)

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

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in note 13 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 13 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in note 8 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the balance sheet and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest dollar

Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *Australian Securities & Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 5.

This report is made in accordance with a resolution of the directors.



Director



Director

Sydney
9 September 2021



Auditor's Independence Declaration

As lead auditor for the audit of Pental Enhanced Property Securities Fund for the period 1 October 2020 to 28 June 2021, I declare that 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.

A handwritten signature in black ink, appearing to read 'Andrew Wilson', with a large, stylized flourish at the end.

Andrew Wilson
Partner
PricewaterhouseCoopers

Sydney
9 September 2021

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Pendal Enhanced Property Securities Fund
Statement of comprehensive income
For the period ended 28 June 2021

Statement of comprehensive income

		Period 1 October 2020 to 28 June 2021	Year ended 30 September 2020
	Notes	\$	\$
Income			
Interest income		-	9,504
Dividend income		411,555	1,010,960
Distribution income		9,395,372	18,014,584
Net gains/(losses) on financial instruments held at fair value through profit or loss		68,086,703	(76,506,890)
Other income		5,262	11,355
Total income/(loss)		77,898,892	(57,460,487)
Expenses			
Responsible Entity's fees	13(d)	146,674	240,572
Transaction costs		240,676	390,103
Other operating expenses	6	81,122	132,374
Total operating expenses		468,472	763,049
Operating profit/(loss)		77,430,420	(58,223,536)
Profit/(loss) for the period/year		77,430,420	(58,223,536)
Other comprehensive income		-	-
Total comprehensive income for the period/year		77,430,420	(58,223,536)

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

Pendal Enhanced Property Securities Fund
Balance sheet
As at 28 June 2021

Balance sheet

	Notes	As at	
		28 June 2021	30 September 2020
		\$	\$
Assets			
Cash and cash equivalents	10	-	11,140,692
Margin accounts		-	39,667
Accrued income		-	739,694
Receivables		-	2,612
Financial assets held at fair value through profit or loss	11	-	445,525,863
Total assets		-	<u>457,448,528</u>
Liabilities			
Unsettled purchases		-	750,596
Payables		-	87,297
Total liabilities		-	<u>837,893</u>
Net assets attributable to unitholders - equity	8	-	<u>456,610,635</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Pendal Enhanced Property Securities Fund
Statement of changes in equity
For the period ended 28 June 2021

Statement of changes in equity

		Period 1 October 2020 to 28 June 2021	Year ended 30 September 2020
Notes	\$	\$	
Total equity at the beginning of the financial period/year		456,610,635	551,906,113
Comprehensive income for the period/year			
Profit/(loss) for the period/year		77,430,420	(58,223,536)
Other comprehensive income		-	-
Total comprehensive income for the period/year		77,430,420	(58,223,536)
Transactions with unitholders			
Applications	8	333,592,631	169,572,586
Redemptions	8	(547,671,581)	(206,632,592)
Units issued upon reinvestment of distributions	8	4,105,261	44,327,892
Distributions paid and payable	9	(324,067,366)	(44,339,828)
Total transactions with unitholders		(534,041,055)	(37,071,942)
Total equity at the end of the financial period/year		-	456,610,635

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

Pendal Enhanced Property Securities Fund
Statement of cash flows
For the period ended 28 June 2021

Statement of cash flows

	Notes	Period 1 October 2020 to 28 June 2021 \$	Year ended 30 September 2020 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		208,252,437	174,649,356
Purchase of financial instruments held at fair value through profit or loss		(87,368,526)	(157,509,402)
Interest received		25	9,547
Dividends received		411,555	1,010,960
Distributions received		9,020,873	16,599,066
Other income received		7,874	11,727
Responsible Entity's fees received/(paid)		(202,980)	(253,218)
Transaction costs		(240,676)	(390,103)
Payment of other expenses		(112,113)	(139,316)
Net cash inflow/(outflow) from operating activities	15(a)	<u>129,768,469</u>	<u>33,988,617</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		277,766,083	88,807,586
Payments for redemptions by unitholders		(98,713,139)	(125,867,592)
Distributions paid		(319,962,105)	(11,936)
Net cash inflow/(outflow) from financing activities		<u>(140,909,161)</u>	<u>(37,071,942)</u>
Net increase/(decrease) in cash and cash equivalents		(11,140,692)	(3,083,325)
Cash and cash equivalents at the beginning of the period/year		<u>11,140,692</u>	<u>14,224,017</u>
Cash and cash equivalents at the end of the period/year	10	<u>-</u>	<u>11,140,692</u>
Non-cash transactions	15(b)		

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

1 General information

These financial statements cover Pendal Enhanced Property Securities Fund ("the Fund") as an individual entity. The Fund was constituted on 21 April 1997.

The Responsible Entity of the Fund is Pendal Fund Services Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000. The financial statements are presented in Australian currency.

Until the last unitholders' units were redeemed, the Fund continued to invest in equities, derivatives and cash management trusts in accordance with the provisions of the governing documents.

The financial statements were authorised for issue by the directors of the Responsible Entity on 9 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The last unitholders' units were redeemed effective 21 June 2021 with final balances settled on 28 June 2021 completing the termination of the Fund. The directors have therefore determined that the going concern basis of preparation is no longer appropriate. As such the financial statements have been prepared on a liquidation basis whereby the Fund's assets have been measured at their net realisable values and the liabilities have been recognised at their contractual settlement amounts. Adoption of the liquidation basis of preparation has no impact on the carrying amount of assets and liabilities of the Fund.

The comparative figures are not entirely comparable due to different financial periods.

(i) Compliance with International Financial Reporting Standards

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Comparatives

Certain comparative figures have been restated to conform with the financial statement presentation adopted for the current period.

(iii) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 October 2020 that have a material impact on the financial report of the Fund.

(b) Financial instruments

(i) Recognition/derecognition

The Fund recognised financial instruments ("investments") on the date it became party to the contractual agreement and recognised changes in the value of the financial instruments from this date.

Financial assets were derecognised when the contractual right to cash flows from the investments had expired or had been transferred, and the Fund had transferred substantially all of the risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification

The Fund classified its financial instruments based on its business model for managing its investments and their contractual cash flow characteristics. The Fund's investments were managed and performance was evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy was for the Responsible Entity to evaluate the information about the investments on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows were not solely principal and interest. Consequently, these investments were measured at fair value through profit or loss.

(iii) Measurement

At initial recognition, a financial asset was measured at fair value. Transaction costs associated with financial assets carried at fair value through profit or loss were expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss were measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss were presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arose.

Refer to note 5 for further details on how the fair values of financial instruments were determined.

(iv) Offsetting financial instruments

Financial assets and liabilities may have been offset, and the net amount reported, in the balance sheet when there was a legally enforceable right to offset the recognised amounts and there was an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

There were no significant financial assets and liabilities subject to offsetting arrangements as at the end of each reporting period.

(c) Net assets attributable to unitholders

As this Fund was closed to unitholder redemptions, units were not able to be put back to the Fund for cash.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank, deposits held at call with financial institutions and investments in cash management trusts.

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

(e) Margin accounts

Margin accounts comprise cash held, or owed, as collateral for derivative transactions and short sales. The cash is held by or owed to the broker and is only available to meet margin calls.

(f) Accrued income

Accrued income may include amounts owed to the Fund for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued from the time of last payment. Amounts are generally received within 45 days of being recorded as receivables.

2 Summary of significant accounting policies (continued)

(g) Unsettled sales/purchases

Unsettled sales/purchases represent receivables for securities sold and/or payables for securities purchased that have been contracted for but not yet delivered by the end of the reporting period.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on unsettled sales/purchases at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month expected credit losses. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

(h) Receivables

Receivables include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

(i) Payables

Payables include liabilities, accrued expenses and redemption monies owing by the Fund which are unpaid as at the end of the reporting period.

Where the Fund has distributed income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(j) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss as it accrues.

Dividend income is recognised on the ex-dividend date.

Trust distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

(k) Expenses

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

(l) Transaction costs

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

(m) Income tax

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

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be included in the Fund's taxable income for distribution/attribution, so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed or attributed to unitholders.

To the extent allowable by taxation legislation, the benefits of imputation credits and foreign tax paid are passed on to unitholders.

2 Summary of significant accounting policies (continued)

(n) Distributions

In accordance with the Fund's Constitution, the Responsible Entity is entitled to determine the amounts to be distributed to unitholders. The distributions are recognised in the statement of changes in equity.

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

The GST incurred on the costs of various services provided to the Fund, such as management fees, has been passed onto the Fund. The Fund qualifies for RITC, hence fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(p) Use of estimates

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

For the majority of the financial instruments held, quoted market prices are readily available.

For certain other financial instruments, including unsettled sales and purchases and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

The Fund did not have any assets or liabilities as at 28 June 2021 as the Fund completed its termination effective 28 June 2021.

For more information on how fair value is calculated refer to note 5.

(q) New accounting standards and interpretations

A number of new accounting standards and interpretations have been published that are not mandatory for the 28 June 2021 reporting period and have not been early adopted in preparing these financial statements.

These new accounting standards and interpretations will have no future impact as the Fund terminated effective 28 June 2021.

(r) Rounding of amounts

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

(s) Change of reporting period

The Fund has changed its financial year end from 30 September to 30 June. As a result of the change in year end, the financial period of the Fund is for 9 months from 1 October 2020 to 28 June 2021. The comparative disclosures are for the 12 months ended 30 September 2020.

3 Termination of the Fund

The Board approved the termination of the Fund effective 21 June 2021 and the last unitholders' units were redeemed effective 21 June 2021. Final balances settled on 28 June 2021 completing the termination of the Fund.

This report contains the final set of financial statements for Pendal Enhanced Property Securities Fund.

4 Financial risk management

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

The Fund's overall risk management program focused on ensuring compliance with its governing documents and sought to maximise the returns derived for the level of risk to which the Fund was exposed. Derivative financial instruments might also have been used (or were used) to alter certain risk exposures. Financial risk management was carried out by the investment manager.

The Fund used different methods to measure different types of risk to which it was exposed. These methods included sensitivity analysis in the case of interest rate, foreign exchange and price risks and ratings analysis for credit risk.

The investment manager mitigated these financial risks through diversification and a careful selection of securities and other financial instruments within specified limits.

The Fund's performance exceptions to its benchmark were reported to senior management committees on a regular basis.

The Fund did not have any assets or liabilities as at 28 June 2021.

The directors and management have assessed the potential financial and other impacts to the Fund of the actions taken to address the coronavirus (COVID-19) global pandemic. The severity and length of the global pandemic and the depth and duration of the associated effects on economic and business activity and on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

Price risk arose on investments held for which prices in the future were uncertain. These were classified in the balance sheet as at fair value through profit or loss. All security investments present a risk of loss of capital.

The Fund did not have any assets or liabilities as at 28 June 2021.

Any exceptions to compliance were reported to management on a regular basis.

The table presented in note 4(b) summarises sensitivity analysis to price risk.

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities was a component of price risk and not foreign exchange risk.

The Fund did not hold any monetary assets denominated in currencies other than the Australian dollar as at 28 June 2021 and 30 September 2020.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets.

The Fund did not have any significant direct exposure to interest rate risk.

4 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to price risk. The analysis is based on reasonably possible movements in the risk variables applied to the Fund's net assets. The reasonably possible movements in the risk variables have been determined based on management estimates, having regard to a number of factors including historical levels of changes in market indices, security prices and/or benchmark returns, interest rates and foreign exchange rates. However actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

The reasonably possible movements in the risk variables are based on long term averages consistent with the investing profile of the Fund.

	Impact on operating profit/(loss)/Net assets attributable to unitholders	
	Price risk	
	-25% (2020: -15%)	+25% (2020: +15%)
	\$	\$
As at		
28 June 2021⁽¹⁾	-	-
30 September 2020	(66,828,879)	66,828,879

In determining the impact of an increase/(decrease) in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information.

⁽¹⁾ The Fund did not have any assets or liabilities as at 28 June 2021.

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

Credit risk primarily arises from trading in derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers.

The assets of the Fund were not impaired.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these financial assets have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be insignificant to the Fund.

Investments in unlisted unit trusts were exposed to credit risk.

All transactions in listed securities were settled or paid for upon delivery using approved brokers. The risk of default was considered minimal as the delivery of securities sold was only made once the broker had received payment. Payment was made on the purchase of securities once the securities were received by the broker. The trade would have failed if either party failed to meet its obligations.

4 Financial risk management (continued)

(c) Credit risk (continued)

Concentrations of direct credit risk were minimised primarily by:

- ensuring counterparties, together with the respective credit limits, were approved,
- ensuring that transactions were undertaken with a number of counterparties, and
- ensuring that the majority of transactions were undertaken on recognised exchanges.

Any exceptions to compliance were reported to management on a regular basis.

(d) Liquidity risk

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

The Fund was exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. The liquidity risk associated with the need to meet redemption requests was mitigated by maintaining adequate liquidity to fulfil usual redemption volumes. The Fund therefore primarily held investments that were traded in an active market and could be disposed of readily. Only a limited proportion of its assets were not traded on an active market.

The risk management guidelines adopted were designed to minimise liquidity risk through:

- ensuring that there was no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there was no concentration of liquidity risk to a particular counterparty.

Any exceptions to the above were reported to management on a regular basis.

(i) Maturities of non-derivative financial liabilities

The non-derivative financial liabilities of the Fund comprised distribution payable, unsettled purchases and payables. These had no contractual maturities but were typically settled within 30 days.

The Fund did not have any financial liabilities as at 28 June 2021.

5 Fair value measurement

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

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

Investments were valued in accordance with the accounting policies set out in note 2 to the financial statements.

5 Fair value measurement (continued)

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

For the majority of financial assets, information provided by independent pricing services was relied upon for valuation. Fair value inputs utilised the last traded prices for financial assets.

Where the last traded price did not fall within the bid-ask spread, an assessment was performed by management to determine the appropriate valuation price to be used that was most representative of fair value.

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

(i) Recognised fair value measurements

The Fund did not have any assets or liabilities as at 28 June 2021.

The following table presents the financial assets measured and recognised at fair value by fair value hierarchy levels:

As at 30 September 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets held at fair value through profit or loss:				
Equity securities	445,525,863	-	-	445,525,863
Total	445,525,863	-	-	445,525,863

There were no financial liabilities measured and recognised at fair value as at 30 September 2020.

Transfers into and transfers out of the fair value hierarchy levels were recognised at the end of the reporting period.

(ii) Transfers between levels

There were no transfers between levels as at 28 June 2021 or 30 September 2020.

(b) Fair values of non-financial instruments

Due to their short-term nature, the carrying value of receivables and payables are assumed to approximate their fair values.

6 Other operating expenses

	Period 1 October 2020 to 28 June 2021 \$	Year ended 30 September 2020 \$
Reimbursable expenses	80,731	132,369
Interest paid	391	-
Other	-	5
Total other operating expenses	81,122	132,374

7 Remuneration of auditors

	Period 1 October 2020 to 28 June 2021	Year ended 30 September 2020
	\$	\$
<i>Audit and other assurance services</i>		
Audit of financial statements	16,347	15,909
Other services*	2,294	2,341
Total remuneration for audit and other assurance services	18,641	18,250

* Other services include compliance plan audit and controls reporting.

Audit fees were included in reimbursable expenses for the period ended 28 June 2021 and year ended 30 September 2020.

8 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period/year were as follows:

	28 June 2021	30 September 2020	28 June 2021	30 September 2020
	No.	No.	\$	\$
Opening balance	417,498,381	401,770,431	456,610,635	551,906,113
Profit/(loss) for the period	-	-	77,430,420	(58,223,536)
Applications	597,698,194	161,381,064	333,592,631	169,572,586
Redemptions	(1,018,555,761)	(182,250,029)	(547,671,581)	(206,632,592)
Units issued upon reinvestment of distributions	3,359,186	36,596,915	4,105,261	44,327,892
Distributions paid and payable	-	-	(324,067,366)	(44,339,828)
Closing balance	-	417,498,381	-	456,610,635

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There were no separate classes of units and each unit has the same rights attached to it as all other units of the Fund.

(a) Capital risk management

Effective 21 June 2021 last unitholders' units were redeemed with final balances settled on 28 June 2021 completing the termination of the Fund.

(b) Realised capital losses

At the end of the reporting period, the Fund had realised capital losses of \$Nil (2020: \$11,392,000) available to offset against future net capital gains.

9 Distributions to unitholders

	Period 1 October 2020 to 28 June 2021 \$	Period 1 October 2020 to 28 June 2021 CPU	Year ended 30 September 2020 \$	Year ended 30 September 2020 CPU
Distributions paid				
- 31 December	4,105,261	1.000	9,943,602	2.500
- 17 January	-	-	16,083,699	4.000
- 26 April	295,236,341	70.190	-	-
- 21 June	24,725,764	13.327	-	-
- 10 August	-	-	18,312,527	4.300
Total	324,067,366	84.517	44,339,828	10.800

10 Cash and cash equivalents

	As at	
	28 June 2021 \$	30 September 2020 \$
Cash at bank	-	2,000,846
Cash management trusts	-	9,139,846
Total cash and cash equivalents	-	11,140,692

11 Financial assets held at fair value through profit or loss

	As at	
	28 June 2021 Fair value \$	30 September 2020 Fair value \$
Financial assets held at fair value through profit or loss		
Equity securities	-	445,525,863
Total financial assets held at fair value through profit or loss	-	445,525,863

11 Financial assets held at fair value through profit or loss (continued)

	As at	
	28 June 2021 Fair value \$	30 September 2020 Fair value \$
Equity securities		
Australian equity securities listed on a prescribed stock exchange	-	445,525,863
Total equity securities	-	445,525,863
Total financial assets held at fair value through profit or loss	-	445,525,863

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 4 and note 5.

12 Derivative financial instruments

A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating, credit index or other variable.

Derivative transactions were entered into during the prior period, however no derivatives were held at the end of the reporting period (2020: \$Nil).

Derivative transactions were entered into in the normal course of business.

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

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

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

While derivatives were used for trading purposes, they were not used to gear (leverage) a portfolio. Gearing a portfolio occurs if the level of exposure to the markets exceeds the underlying value of the Fund.

The following derivative financial instruments were held during the year ended 30 September 2020:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price, established in an organised market. Futures contracts were collateralised by cash or marketable securities. Changes in the values of futures contracts were usually settled net daily with the exchange or broker.

13 Related party transactions

(a) Responsible Entity

The Responsible Entity of the Fund is Pendal Fund Services Limited (ABN 13 161 249 332), a wholly owned subsidiary of Pendal Group Limited (ABN 28 126 385 822). The registered office of the Responsible Entity and the Fund is Level 14, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

(b) Directors

The directors of Pendal Fund Services Limited during the financial period or since the end of the period and up to the date of this report were as follows:

Richard Brandweiner (appointed 6 March 2019)
 Justin Howell (appointed 7 May 2018)
 Anthony Serhan (appointed 6 December 2019)
 Cameron Williamson (appointed 15 November 2012)

(c) Other key management personnel

There was no other person with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, during the financial period.

(d) Responsible Entity's/manager's fees and other transactions

For the period 1 October 2020 to 20 June 2021, the Fund incurred a management fee of 0.05% (inclusive of GST, net of RITC available to the Fund) per annum. This fee was decreased to Nil% per annum from 21 June 2021 (2020: 0.05%). Fees are paid in accordance with the Fund's governing documents.

In addition, the Responsible Entity was entitled to be reimbursed out of the Fund for costs or expenses in connection with the keeping and preparation of accounting records and the maintenance of the register. Effective 21 June 2021, these expense recoveries were reduced to Nil% per annum.

All related party transactions were conducted on normal commercial terms and conditions. The transactions during the period and amounts payable/(receivable) at the end of each reporting period between the Fund and the Responsible Entity were as follows:

	Period 1 October 2020 to 28 June 2021	Year ended 30 September 2020
	\$	\$
Management fees incurred by the Fund	146,674	240,572
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Fund's governing documents #	80,731	132,369
Aggregate amounts payable/(receivable) to/(from) the Responsible Entity at the end of the reporting period	-	87,297

This represents the amount paid out of the Fund to the Responsible Entity. In addition to this amount, the total fees charged also included the fee charged in the underlying fund.

Where the Fund invested into another fund, the Responsible Entity's fees were calculated after rebating the fee charged in the underlying fund. As a consequence, the amounts shown in the statement of comprehensive income reflect only the amount of the fees charged directly to the Fund.

13 Related party transactions (continued)

(e) Related party unitholdings

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

28 June 2021

Unitholder	Number of units held opening Units	Number of units held closing Units	Interest held %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
BT Multi-manager Accumulator Fund	229,261,833	-	-	293,456,882	(522,718,715)	164,528,240

30 September 2020

Unitholder	Number of units held opening Units	Number of units held closing Units	Interest held %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Parent - BT Multi-manager Accumulator Fund	210,077,197	229,261,833	54.91	19,184,636	-	23,279,241
Westpac Life Insurance Services Limited	86,851,738	-	-	40,013,367	(126,865,105)	8,499,102
Total	296,928,935	229,261,833	54.91	59,198,003	(126,865,105)	31,778,343

Other funds related to the Responsible Entity held units in the Fund but these funds do not meet the definition of related parties under the Australian Accounting Standards and as such unitholdings are not required to be disclosed.

13 Related party transactions (continued)

(f) Transactions with key management personnel

Key management personnel services were provided by Pendal Fund Services Limited and included in the management fees disclosed in (d) above. There was no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

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

Key management personnel unitholdings

At 28 June 2021, no key management personnel held units in the Fund (2020: Nil).

(g) Investments

The Fund held the following investments including funds which are also managed by the Responsible Entity or its related parties:

28 June 2021

	Fair value of investment \$	Interest held %	Distributions received/ receivable \$	Units acquired during the period Units	Units disposed during the period Units
Pendal Liquidity Management Trust	-	-	5,585	39,353,881	(48,493,727)

30 September 2020

	Fair value of investment \$	Interest held %	Distributions received/ receivable \$	Units acquired during the year Units	Units disposed during the year Units
Pendal Liquidity Management Trust*	9,139,846	0.34	33,406	90,695,160	(93,006,000)

*This investment is included in cash and cash equivalents.

Distributions received/receivable includes the following amounts which remain unpaid at the end of each reporting period:

	As at	
	28 June 2021 \$	30 September 2020 \$
Distributions receivable		
Pendal Liquidity Management Trust	-	1,297

(h) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interests existing at the end of the reporting period.

14 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. Depending on the Fund's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Fund applied the Investment Entity Exemption available under AASB 10 *Consolidated Financial Statements* and therefore did not consolidate its controlled entities. In other cases it may have had exposure to such an entity but did not control it.

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 Fund. Such interests include holdings of units in unlisted trusts. The nature and extent of the Fund's interests in structured entities are summarised in note 10.

The Fund had exposure to unconsolidated structured entities through its investment activities. The Fund's maximum exposure to loss was restricted to the carrying value of the asset.

The Fund's overall risk management program focused on ensuring compliance with its governing documents and sought to maximise the returns derived for the level of risk to which the Fund was exposed. The risks associated with the investments are referred to in note 4.

During the period the Fund did not provide financial support to unconsolidated structured entities and had no intention of providing financial or other support.

As at 28 June 2021, there were no capital commitment obligations (30 September 2020: \$Nil). The Fund did not have any assets or liabilities as at 28 June 2021.

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

	Period 1 October 2020 to 28 June 2021 \$	Year ended 30 September 2020 \$
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the period/year	77,430,420	(58,223,536)
Proceeds from sale of financial instruments held at fair value through profit or loss	208,252,437	174,649,356
Purchase of financial instruments held at fair value through profit or loss	(87,368,526)	(157,509,402)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(68,086,703)	76,506,890
Income reinvested	(1,114,168)	(1,372,210)
Net change in accrued income and receivables	742,306	(42,893)
Net change in payables	(87,297)	(19,588)
Net cash inflow/(outflow) from operating activities	129,768,469	33,988,617

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

	Period 1 October 2020 to 28 June 2021	Year ended 30 September 2020
	\$	\$
(b) Non-cash transactions		
Distribution payments satisfied by the issue of units under the distribution reinvestment plan	4,105,261	44,327,892
Applications received as non-cash contributions	55,826,548	80,765,161
Redemptions settled as non-cash withdrawals	(448,958,442)	(80,765,161)
Sales received as non-cash proceeds	393,131,894	-

16 Events occurring after the reporting period

As the Fund has terminated, there have been no matters subsequent to the end of the reporting period that significantly affected, or may significantly affect, the Fund.

17 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 28 June 2021 and 30 September 2020.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Fund's financial position as at 28 June 2021 and of its performance for the period 1 October 2020 to 28 June 2021,
- (b) as disclosed in note 2(a) to the financial statements, the Fund has been terminated and all debts were paid for at that time, and
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Director



Director

Sydney
9 September 2021



Independent auditor's report

To the unitholders of Pental Enhanced Property Securities Fund

Our opinion

In our opinion:

The accompanying financial report of Pental Enhanced Property Securities Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 28 June 2021 and of its financial performance for the period then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 28 June 2021
- the statement of comprehensive income for the period then ended
- the statement of changes in equity for the period then ended
- the statement of cash flows for the period then ended
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - going concern no longer appropriate

We draw attention to Note 2(a) in the financial report, which states that the last unitholders' units were redeemed effective 21 June 2021 with final balances settled on 28 June 2021 completing the

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termination of the Fund. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's annual report for the period ended 28 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'Andrew Wilson', written in a cursive style.

Andrew Wilson
Partner

Sydney
09 September 2021