

GUILD RETIREMENT FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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GUILD RETIREMENT FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Cash and cash equivalents	13(b)	25,120	23,596
Receivables	10	4,088	65,586
Investments	5	1,927,522	1,904,491
Current tax asset	12(d)	-	847
Deferred tax asset	12(e)	1,485	-
TOTAL ASSETS		1,958,215	1,994,520
LIABILITIES			
Creditors and accruals	11	2,156	3,000
Current tax liabilities	12(d)	13,530	-
Deferred tax liabilities	12(e)	-	19,103
TOTAL LIABILITIES EXCLUDING MEMBERS LIABILITIES		15,686	22,103
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		1,942,529	1,972,417
MEMBER BENEFITS	7	1,895,042	1,933,122
NET ASSETS		47,487	39,295
EQUITY			
Operational risk financial reserve	8	6,098	5,512
Contingency reserve	8	2,891	4,496
Amounts not yet allocated		38,498	29,287
TOTAL EQUITY		47,487	39,295

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
SUPERANNUATION ACTIVITIES			
Interest		75	186
Trust distributions		75,882	64,186
Net changes in fair value of investments	6	(128,334)	92,234
Fee rebates		8,124	7,721
Other income		1	-
		<hr/>	<hr/>
TOTAL SUPERANNUATION ACTIVITIES REVENUE		(44,252)	164,327
		<hr/>	<hr/>
EXPENSES			
Direct investment expense		5,034	4,594
General administration expense	15(c)	13,238	13,633
Project costs		-	339
Bank charges		9	7
		<hr/>	<hr/>
TOTAL EXPENSES		18,281	18,573
		<hr/>	<hr/>
PROFIT FROM OPERATING ACTIVITIES		(62,533)	145,754
Less net benefits allocated from/(to) members accounts		55,984	(135,696)
		<hr/>	<hr/>
NET OPERATING RESULT BEFORE INCOME TAX		(6,549)	10,058
Income tax expense/(benefit)	12(a)(b)	(14,687)	2,045
		<hr/>	<hr/>
NET OPERATING RESULT AFTER INCOME TAX		8,138	8,013
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STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
Opening balance of members' liabilities		1,933,122	1,722,401
CONTRIBUTIONS RECEIVED			
Employer contributions		211,673	191,106
Member contributions		13,654	16,081
Government co-contributions		323	282
Transfers in		55,104	34,655
		<hr/>	<hr/>
		280,754	242,124
Income tax on contributions	12(c)	31,844	27,845
		<hr/>	<hr/>
Net after tax contributions		248,910	214,279
BENEFITS PAID			
Lump sum payments		(99,792)	(28,950)
Transfers to other funds		(126,121)	(104,849)
Pensions paid		(1,207)	(1,228)
Tax benefit from anti detriment	12(c)	-	5
		<hr/>	<hr/>
Net benefits paid		(227,120)	(135,022)
INSURANCE			
Insurance premiums charged to member		(16,092)	(16,303)
Death and disability benefits credited to members		9,792	9,626
Tax benefit from insurance deduction	12(c)	2,414	2,445
		<hr/>	<hr/>
Net insurance cost		(3,886)	(4,232)
BENEFITS ALLOCATED TO MEMBERS' ACCOUNTS, COMPRISING:			
Investment earnings applied to members		(44,372)	149,329
Administration fees paid by members		(11,612)	(13,633)
		<hr/>	<hr/>
Net benefit allocated to members' accounts		(55,984)	135,696
		<hr/>	<hr/>
Closing balance of members' liabilities	7	1,895,042	1,933,122
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Operating Risk Reserve \$'000	Contingency Reserve \$'000	Amounts not yet allocated \$'000	Total Equity \$'000
Year Ended 30 June 2020				
Opening Balance	5,512	4,496	29,287	39,295
Transfer out of reserves	-	(1,626)	-	(1,626)
Net income/(loss) applied	532	21	9,211	9,764
Recoverable on insurance	54	-	-	54
	6,098	2,891	38,498	47,487
Year Ended 30 June 2019				
Opening Balance	4,490	3,988	22,750	31,228
Transfer to other reserves	936	(1,075)	139	-
Net income/(loss) applied	86	1,529	6,398	8,013
Recoverable on insurance	-	54	-	54
	5,512	4,496	29,287	39,295

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		114	174
Fee rebates received		7,689	7,146
Other income		1	-
GST recoup		1,052	984
General administration expenses		(22,308)	(19,834)
Project costs		-	(339)
Bank charges		(9)	(7)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	13(a)	(13,461)	(11,876)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchases of investments		(11,631)	(72,977)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(11,631)	(72,977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Employer & Member contributions		225,327	207,185
Government co-contribution		323	282
Transfers in		55,104	34,655
Benefits paid		(227,252)	(134,966)
Insurance recoveries		9,792	9,626
Insurance premiums (outwards)		(15,890)	(16,290)
Income tax on contributions received		(20,788)	(24,769)
NET CASH FLOWS FROM FINANCING ACTIVITIES		26,616	75,723
NET INCREASE/(DECREASE) IN CASH HELD		1,524	(9,130)
CASH AT THE BEGINNING OF PERIOD		23,596	32,726
CASH AT THE END OF PERIOD	13(b)	25,120	23,596

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Guild Retirement Fund ("Fund") is a defined contribution fund domiciled in Australia. The Fund is constituted by a Trust Deed dated 29 April 2005, as amended and the address of the Trustee Company's registered office is 171 Collins Street, Melbourne, Victoria.

The Fund primarily is involved in providing retirement benefits to its members.

In accordance with the Superannuation Industry (Supervision) Act 1993, the Fund became a registered superannuation entity on 2 May 2005, registration number R1000030.

The Trustee of the Fund is Guild Trustee Services Pty Limited (RSE No L0000611).

The financial statements were approved by the Board of the Trustee, Guild Trustee Services Pty Limited, on 1 October 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

The financial statements are general purpose statements which have been drawn up in accordance with Australian accounting standards including AASB 1056 *Superannuation Entities*, other applicable Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS") and the provisions of the Trust Deed. The financial statements are presented in Australian dollars.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. Balances are expected to be recovered or settled within twelve months, except for investments, deferred tax and the liabilities for member benefits.

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

(b) New and amended standards adopted during the year

The Fund has applied AASB 16 *Leases* for the first time for the year ended 30 June 2020.

While the Fund has changed its accounting policies as a result of adopting AASB 16, the Fund does not hold any applicable leases and there is no impact of applying the new standards on 1 July 2019.

(c) New Standards and Interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Fund. None of these are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Investments

Investments of the Fund are initially recognised using trade date or settlement date accounting, as appropriate. From the initial recognition any gains and losses arising from the changes in fair value are recorded in the income statement.

The fair value of an investment for which there is a readily available market quotation, such as listed shares, is determined as the last quoted sale price at the close of business on reporting date.

The Fund also holds units in unlisted managed investment schemes and the fair value of these investments has been determined at the redemption price at reporting date quoted by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition/ derecognition

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

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all the risks and rewards of ownership.

(e) Financial Instruments

Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at their fair value. Transaction costs for financial assets and liabilities are recorded in the income statement.

After initial recognition, all financial assets and liabilities are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial instruments.

Offsetting financial instruments

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

(f) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Revenue Recognition and Contributions

The following specific recognition must also be met before revenue is recognised.

Changes in fair value

Changes in fair value of investments are recognised as income and are determined as the difference between the fair value at balance date or consideration received (if sold during the year) and the fair value at the previous balance date or cost (if the investment was acquired during the year).

Interest income

Interest revenue from financial instruments that are held at fair value is determined based on the contractual coupon interest rate and includes interest from cash and cash equivalents.

Dividend income

Dividend income is recognised on the date the shares to which the dividend relates are quoted ex-dividend and if not received at reporting date, the dividend receivable is reflected in the statement of financial position as a receivable at fair value.

Trust distribution income

Distributions from unlisted managed investment schemes are recognised on the date the Fund becomes entitled to or is attributed the distribution. If not received at reporting date, the distribution receivable is reflected in the statement of financial position as a receivable at fair value.

(h) Foreign Currency

Transactions in foreign currencies are translated at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the exchange rate at balance date. Foreign exchange differences are recognised in the income Statement.

(i) Income Tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 and accordingly the concessional tax rate of 15% has been applied.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current tax

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only when it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(j) Receivables

Receivables may include amounts for dividends, interest and trust distributions and are measured at fair value. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment as set out in Note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

(k) Financial Liabilities

The Fund recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Other payables are payable on demand or over short time frames of no more than 60 days.

The Fund recognises financial liabilities at fair value as at the reporting date with any change in fair values since the beginning of the reporting period included in the Income Statement.

(l) Member Transactions

Contributions revenue and transfers in are recognised in the statement of movement in member benefits when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes in the period to which they relate.

(m) Use of Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and estimates. It also requires the Trustee and management to exercise judgement in the process of applying the entity's accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. For most of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over the counter derivatives or unquoted securities, are fair valued using valuation techniques.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There are no critical accounting estimates and judgements contained in these financial statements.

(n) Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. This could be the case where voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Fund invests in structured entities for the purpose of capital appreciation.

The investee funds' objectives range from achieving medium to long term capital growth. The size of a related investee fund is indicated by the net asset value of the fund per the investee funds' balance sheet. For unrelated funds, size is indicated by the carrying value of the Fund's investment as recognised in the Fund's statement of financial position as at reporting date as there is no other exposure to the Fund other than the carrying value of its investments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(p) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Fair Value Estimation

The carrying amounts of all the Fund's financial instruments at the balance date approximated their fair values. The major methods and assumptions used in determining fair value of financial instruments is disclosed in Note 2(d).

(b) Fair Value of Financial Instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (adjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), for substantially the full term of the financial instrument.
- Level 3: Inputs to the valuation methodology are valuation techniques using inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund has an established control framework with respect to the measurement of fair values. The Trustee reviews valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. Changes in level 2 and 3 fair values are analysed at each reporting date by the Trustee.

When third party information, such as holding and valuation statements are used to measure fair value, the valuation function assesses the documents and evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Australian Accounting Standards.

The Fund classifies unit trusts which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets as either Level 2 or Level 3. The Fund considers the valuation techniques and inputs used in valuing these trusts as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the net asset value of these trusts may be used as an input into measuring their fair value. The valuation of these trusts between Level 2 or Level 3 depends upon whether the inputs are observable or not.

The Fund values the Level 3 investments based on NAVs provided by the fund manager of the unit trust. The NAV is based on value of the underlying assets which include property and infrastructure assets. These assets are valued using various models and techniques including discounted cash flows. The significant unobservable inputs used in these models and techniques include revenue multiples, terminal values, discount rates, and other assumptions in the amount and timing of cash flows.

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Shares in Exchange-Traded Funds	49,146	-	-	49,146
Units in Unit Trusts	-	1,720,374	158,002	1,878,376
Total	49,146	1,720,374	158,002	1,927,522

The above disclosures exclude cash investments of \$12.8million where carrying value approximates fair value.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2020

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

30 June 2020	Units in Unit Trusts \$'000	Total \$'000
Opening Balance	-	-
Total gains and losses in profit or loss	(2,891)	(2,891)
Transfer in	154,929	154,929
Purchases	5,964	5,964
Sales	-	-
Closing Balance	158,002	158,002

Gains or losses included in the Income Statement are presented in net remeasurement changes in fair value as follows:

30 June 2020	\$'000
Total gains/(losses) included in income statement for the period	(2,891)
Total gains/(losses) included in income statement for the period for assets held at the end of the reporting period	(2,891)

30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Units in Unit Trusts	-	1,904,491	-	1,904,491

The above disclosures exclude cash investments of \$10.7million where carrying value approximates fair value.

4. FINANCIAL RISK MANAGEMENT

National Australia Bank Limited is the principal custodian and holds most of the assets other than the Fund's operating bank account as the custodian for the Fund.

The Trustee has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy.

The Trustee obtains regular reports from each investment manager and from the appointed asset consultant on the nature of the investments made on its behalf and the associated risks.

The Fund's assets principally consist of financial instruments which comprise units in unlisted trusts. It holds these investment assets in accordance with the Trustee's published investment policy statement.

The allocation of assets between the various types of financial instruments is determined by the Trustee who manages the Fund's portfolio of assets to achieve the Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund on a regular basis. The Fund has a policy of rebalancing its portfolio of assets back to its long term Strategic Asset Allocation (SAA).

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Trustee of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Trustee is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, including investment risks, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee receives regular reports from the Fund's Investment Managers to monitor compliance with the Fund's investment policy statement/objective.

The Fund's Trustee, Audit and Risk Management & Compliance Committees oversee how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Categories of financial instruments

The assets and liabilities of the Fund are recognised at fair value as at reporting date. Changes in fair value are recognised through the income statement.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the future cash flows or the fair values of the instruments.

The Fund invests in Australian domiciled investments where the underlying investments may include overseas equities. These investments are all denominated in Australian dollars.

Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

The majority of the Fund's financial assets are non-interest-bearing. The Fund does not have any direct fixed interest bearing financial instruments. The Fund invests in Australian domiciled units in unit trusts where the underlying investments may include interest bearing financial instruments. As a result, the Fund may be subject to indirect exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested in an interest bearing bank account.

As the interest rate on the Fund's bank account is a floating rate and varies with market interest rate, any change in interest rates will have no impact on the valuation of the account. The amount of interest the Fund receives after interest rate changes is dependent on the Fund's bank balance in the future. Any increase or decrease in interest likely to be received is immaterial.

Other market price risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Fund's financial instruments are valued at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

The Trustee has determined that the standard deviation of the rate of return for each investment will provide a reasonably possible change in the prices of the investments that comprise each option. The five year average standard deviation of rates of return for each investment, were provided by the Fund's implemented investment consultant. The following table illustrates the effect on change in net assets after tax and net assets available to pay benefits from possible changes in market price risk.

30 June 2020 Asset Class	Sensitivity in underlying Sectors 5yr SD	Net Income from Superannuation activities after tax \$'000	Change in net Assets available for member benefits \$'000
Mercer Australian Direct Property Fund	29.8%	±20,495	±20,495
Mercer Global Unlisted Infrastructure Fund	17.5%	±11,468	±11,468
RIC PLC Russell Investment Global High Yield Fund	9.4%	±2,974	±2,974
Russell After Tax Australian Shares Fund	19.3%	±103,347	±103,347
Russell Australian Bond Fund	2.1%	±1,141	±1,141
Russell Australian Cash Enhanced Fund	1.6%	±678	±678
Russell Australian Cash Fund	0.1%	±48	±48
Russell Australian Shares Fund	19.4%	±257	±257
Russell Australian Opportunities Fund	19.4%	±9,291	±9,291
Russell Australian Responsible Investment	19.4%	±8,104	±8,104
Russell Emerging Markets Debt Local Currency Fund	8.1%	±3,058	±3,058
Russell Emerging Markets Fund	17.2%	±9,357	±9,357
Russell Global Listed Infrastructure Fund	17.2%	±46	±46
Russell Global Opportunities Fund \$A Hedged	15.8%	±11	±11
Russell Global Opportunities Fund	13.7%	±73	±73
Russell International Property Fund \$A Hedged	18.6%	±2,195	±2,195
Russell Low Carbon Global Shares Fund	13.9%	±59,486	±59,486
Russell Low Carbon Global Shares Fund \$A Hedged	15.6%	±14,017	±14,017
Russell Tax Effective Global Shares Fund	13.7%	±9,224	±9,224
Vanguard International Property Fund \$A Hedged	18.6%	±2,064	±2,064
Total		±257,334	±257,334

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2019 Asset Class	Sensitivity in underlying Sectors 5yr SD	Net Income from Superannuation activities after tax \$'000	Change in net Assets available for member benefits \$'000
Mercer Australian Direct Property Fund	18.8%	±13,077	±13,077
Mercer Global Unlisted Infrastructure Fund	13.5%	±8,388	±8,388
RIC PLC Russell Investment Global High Yield Fund	7.5%	±2,426	±2,426
Russell After Tax Australian Shares Fund	15.8%	±83,291	±83,291
Russell Australian Bond Fund	2.4%	±2,437	±2,437
Russell Australian Cash Enhanced Fund	1.9%	±1,000	±1,000
Russell Australian Cash Fund	0.1%	±39	±39
Russell Australian Shares Fund	15.8%	±231	±231
Russell Australian Opportunities Fund	15.8%	±8,244	±8,244
Russell Emerging Markets Debt Local Currency Fund	7.3%	±3,908	±3,908
Russell Emerging Markets Fund	17.4%	±9,876	±9,876
Russell Global Listed Infrastructure Fund	14.1%	±38	±38
Russell Global Opportunities Fund \$A Hedged	15.4%	±15	±15
Russell Global Opportunities Fund	13.8%	±81	±81
Russell International Property Fund \$A Hedged	17.5%	±2,890	±2,890
Russell Low Carbon Global Shares Fund	13.9%	±27,869	±27,869
Russell Low Carbon Global Shares Fund \$A Hedged	15.2%	±10,290	±10,290
Russell Tax Effective Global Shares Fund	13.8%	±37,605	±37,605
Vanguard International Property Fund \$A Hedged	17.5%	±2,162	±2,162
Total		±213,867	±213,867

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Fund's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment options expected return in future years.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

GUILD RETIREMENT FUND

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The fair value of financial assets included in the Statement of Financial Position represents the Fund's current maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counterparty or industry. The credit risk is monitored by the Trustee by quarterly reporting from its asset consultant.

The Fund does not have any assets which are past due or impaired.

In regards to unit trust investments credit risk arises from the ability of the manager of the trust to realise the underlying investments (if necessary) to meet any redemptions requested by the Fund. This risk is measured by reference to the liquidity of the trust's investments and cash balances available to meet redemptions. The Fund has not experienced any delays in redemptions from its investment managers.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity position is monitored on a weekly basis. The Fund's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, Fund expenses plus investing activities.

The following tables summarise the expected maturity profile of the Fund's financial liabilities based on the earliest date on which the Fund can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

30 June 2020	Less than 3 months \$'000	3 Months to 1 year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Creditors & accruals	2,156	-	2,156	2,156
Current tax liabilities	2,009	11,521	13,530	13,530
Member benefits	1,895,042	-	1,895,042	1,895,042
Total	1,899,207	11,521	1,910,728	1,910,728

30 June 2019	Less than 3 months \$'000	3 Months to 1 year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Creditors & accruals	3,000	-	3,000	3,000
Current tax liabilities	3,908	(3,908)	-	-
Member benefits	1,933,122	-	1,933,122	1,933,122
Total	1,940,030	(3,908)	1,936,122	1,936,122

Member benefits have been included in the less than 3 months column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the fund can be required to pay members' benefits, however, members may not necessarily call upon amounts during this time.

GUILD RETIREMENT FUND

FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. INVESTMENTS

	2020 \$'000	2019 \$'000
<u>Listed Shares</u>		
Russell Australian Responsible Investment	49,146	-
<u>Units in Unit Trusts</u>		
Mercer Australian Direct Property Fund	80,910	81,831
Mercer Global Unlisted Infrastructure Fund	77,092	73,098
Russell PLC Russell Investment Global High Yield Fund	37,225	38,058
Russell After Tax Australian Shares Fund	629,972	620,188
Russell Australian Bond Fund	63,946	119,443
Russell Australian Cash Enhanced Fund	49,878	61,940
Russell Australian Cash Fund	56,678	45,876
Russell Australian Shares Fund	56,343	1,720
Russell Australian Opportunities Fund	1,561	61,383
Russell Emerging Markets Debt Local Currency Fund	44,411	62,980
Russell Emerging Markets Fund	64,000	66,773
Russell Global Listed Infrastructure Fund	317	316
Russell Global Opportunities Fund \$A Hedged	82	111
Russell Global Opportunities Fund	629	692
Russell International Property Fund \$A Hedged	13,884	19,432
Russell Low Carbon Global Shares Fund	503,479	235,874
Russell Low Carbon Global Shares Fund \$A Hedged	105,707	79,645
Russell Tax Effective Global Shares Fund	79,210	320,588
Vanguard Global Infrastructure Fund Hedged	-	6
Vanguard International Property Fund \$A Hedged	13,052	14,537
	1,878,376	1,904,491
TOTAL INVESTMENTS	1,927,522	1,904,491

6. NET CHANGES IN FAIR VALUE OF INVESTMENTS

	2020 \$'000	2019 \$'000
Held at reporting date	(143,727)	100,155
Realised during the period	15,393	(7,921)
NET CHANGES IN FAIR VALUE OF INVESTMENTS	(128,334)	92,234

GUILD RETIREMENT FUND

MEMBERS LIABILITIES, RESERVES AND INSURANCE FOR THE YEAR ENDED 30 JUNE 2020

7. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

(a) Member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date using unit prices determined by the Trustee based on the underlying option values selected by members.

All members of the Fund receive benefits based on the accumulation of contributions with earnings, after deductions for insurance premiums, expenses and tax. Members of the Fund bear the investment risk relating to the underlying assets of the Fund.

	2020 \$'000	2019 \$'000
Members liabilities at end of the financial year	1,895,042	1,933,122
Net assets available to pay benefits (excluding reserves)	1,933,540	1,962,409

(b) Funding Arrangements

Contributions are made to the Fund in accordance with the terms of the trust deed, at the minimum rate of 9.5% of gross salaries.

Members with accumulation benefit accounts may also contribute at varying rates as nominated by the individual member.

8. RESERVES

	2020 \$'000	2019 \$'000
Operational risk financial reserve	6,098	5,512
Contingency reserve	2,891	4,496
TOTAL RESERVES	8,989	10,008

Under APRA Prudential Standard SPS 114: Operational Risk Financial Requirements ("ORFR"), a trustee is required to determine, implement, manage and maintain an ORFR target amount. The Trustee maintains an ORFR with a target of 0.30% of Fund net assets.

The contingency reserve was established to provide the Fund with funds to protect member interests and mitigate the impact of an adverse event.

9. INSURANCE ARRANGEMENTS

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to member accounts and reinsurance recoveries allocated are recognised in the statement of changes in member benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim
- insurance premiums are only paid through the Fund for administrative reasons, and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

GUILD RETIREMENT FUND

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020

10. RECEIVABLES

	2020	2019
	\$'000	\$'000
Accrued interest	2	12
Administration fee rebate	2,072	-
Investment settlements	1,555	65,000
GST receivable	459	574
	<hr/>	<hr/>
TOTAL RECEIVABLE	4,088	65,586
	<hr/>	<hr/>

11. CREDITORS AND ACCRUALS

	2020	2019
	\$'000	\$'000
Administration and management fees	1,040	1,204
Direct expenses on investment income	-	345
Group life and salary continuance premiums	1,106	1,309
PAYG withholding	10	142
	<hr/>	<hr/>
TOTAL CREDITORS AND ACCRUALS	2,156	3,000
	<hr/>	<hr/>

12. TAXATION

	2020	2019
	\$'000	\$'000
(a) Recognised in the income statement		
Current tax expense		
- Current year tax on profits	(93)	(5,493)
- Adjustment to current tax for prior period	22	(186)
Deferred tax expense		
- Relating to the origination and reversal of temporary differences	(14,616)	7,724
	<hr/>	<hr/>
Income tax expense/(benefit)	(14,687)	2,045
	<hr/>	<hr/>

GUILD RETIREMENT FUND

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020

12. TAXATION (CONTINUED)

(b) Numerical reconciliation between tax expense and profit before income tax

	2020 \$'000	2019 \$'000
Profit/(loss) before income tax	(62,533)	145,754
Tax applicable at the rate of 15% (2019: 15%)	(9,380)	21,863
Tax effect of income/losses not assessable/deductible in determining taxable income		
- Investment income and discount in capital gains	3,641	(4,774)
- Imputation credits & foreign tax credits applied	(8,442)	(14,811)
- Exempt pension income	(528)	(47)
- (Over)/under provision prior period	22	(186)
Income tax expense	(14,687)	2,045

(c) Recognised in the statement of changes in member benefits

Tax on contribution revenue	31,844	27,845
Tax benefit on anti-detriment deduction	-	(5)
Tax benefit on insurance premiums	(2,414)	(2,445)
Income tax expense recognised in the statement of changes in member benefits	29,430	25,395

(d) Current tax liability/(assets)

Balance at beginning of year	(847)	4,208
Income tax paid – current period and prior year	(20,953)	(24,769)
Current year income tax provision	35,308	20,196
(Over)/under provision prior period	22	(482)
	13,530	(847)

(e) Deferred tax assets and (liability)

The amount of deferred tax liabilities recognised in
the Statement of Financial Position:

Insurance premiums payable	166	197
Unrealised capital gains carried forward	1,319	(19,300)
	1,485	(19,103)

GUILD RETIREMENT FUND

CASH FLOW INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

13. CASH FLOW RECONCILIATION

	2020 \$'000	2019 \$'000
(a) Reconciliation of Net Cash provided by Superannuation Activities to Net Profit After Tax		
Net profit/(loss) after tax	8,138	8,013
Changes in fair value of assets	128,334	(92,234)
Trust distributions	(75,882)	(64,186)
Other investment income	(3,556)	(3,897)
Net benefits allocated from/to members accounts	(55,984)	135,762
(Increase)/Decrease in receivables	(1,947)	885
Increase/(Decrease) in creditors and accruals	(712)	(399)
Increase/(Decrease) in current tax liabilities	8,694	(3,544)
Increase/(Decrease) in deferred tax liabilities	(20,546)	7,724
NET CASH FLOWS USED IN SUPERANNUATION ACTIVITIES	(13,461)	(11,876)
(b) Reconciliation of Cash		
General operating account	12,276	12,915
Custodian cash account	12,844	10,681
Cash and cash equivalents	25,120	23,596
(c) Non cash investing activities		
During the year the following non cash investing activities occurred:		
Trust distributions reinvested	75,882	64,186
Other investment income reinvested	3,556	3,897

GUILD RETIREMENT FUND

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

14. AUDITOR'S REMUNERATION

	2020 \$'000	2019 \$'000
Amounts paid or due and payable to: Auditors of the Fund – Ernst & Young:		
Audit services	114	113
Other Services	25	21
	<hr/>	<hr/>
TOTAL AUDITOR'S REMUNERATION	139	134
	<hr/>	<hr/>

15. RELATED PARTIES

(a) Trustee

The Trustee of the Fund is Guild Trustee Services Pty Limited. The following people were directors of the Trustee during the financial year and to the date of this report.

Linda Jenkinson (Non-executive Director, Chairman)
Andrew Bloore (Non-executive Director)
John Dowling (Non-executive Director)
Keri Pratt (Non-executive Director appointed 28 April 2020)
Stephen Somogyi (Non-executive Director)
Mario Pirone (Executive Director)
Nick Panayiaris (Non-executive Director)
Trent Twomey (Non-executive Director)

The Trustee reduced the number of directors from eight to four on 30 June 2020. Andrew Bloore, John Dowling Stephen Somogyi and Trent Twomey resigned on that date.

(b) Key Management Personnel and Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, including any director (whether executive or otherwise).

The above listed directors are key management personnel. Other key management personnel of the Fund are:

Elisabet Wreme – Company Secretary
Greg Everett – General Manager
Antony Jarvis – Head of Risk, Audit & Compliance (ceased 24 April 2020)
Yen Ping Fong – Acting Chief Risk Officer (appointed 27 April 2020)

Some directors, key management personnel and their associates are members of the Guild Retirement Fund for which Guild Trustee Services Pty Limited acts as responsible entity. These superannuation transactions are made at arms length and in the ordinary course of operations. Some directors, key management personnel and their associates receive wealth management, superannuation and other financial services from the Guild Group. Those services are provided at arms length and in the ordinary course of business except where the directors, key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to the size of business.

Compensation of key management personnel for services rendered for the Fund are remunerated by Guild Trustee Services and this compensation is included in the administration expenses in the Income Statement.

(c) Related Party Transactions

The Trustee received payment from the Fund for remuneration for management and monitoring the Fund's investment portfolios of \$13,238 million (2019: \$13.633 million).

The Trustee receives a payment from the Fund in relation to insurance administration fee for administering the group insurance policies. Death and Temporary & Permanent Disablement fee is 6% (2019 6%) and Income Protection fee is 6% (2019 6%).

GUILD RETIREMENT FUND

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

16. COVID-19 IMPACT ON FINANCIAL STATEMENTS

The Trustee considered the following matters relating to the potential impact of the COVID-19 pandemic in the preparation of these financial statement and related disclosures.

- evaluation of any areas of judgment or estimation uncertainty;
- assessment and disclosure of the fair value of the Fund's assets and liabilities;
- adoption of significant assumptions and market inputs used in valuing the Fund's financial instruments;
- assessment and disclosures in relation to financial risk management, including stress testing scenarios which are an integral component of the Trustee's risk management framework to assess the potential impacts on the portfolio valuations and liquidity; and
- review of external market communications, public forecasts and experience from previous economic downturns to identify potential impacts.

Key impacts of COVID-19 on the financial statements are summarised below.

Volatility in global and domestic investment markets

The sensitivity analysis of various financial risks, including the sensitivity in market risk for various asset classes is disclosed in Note 4. The sensitivity in the underlying markets has been derived through a blend of historical analysis and the views of management, the Fund's investment consultant and the Trustee. However, due to the nature of the pandemic there is a high degree of uncertainty regarding its ultimate impact on financial markets and it is therefore not possible to reliably determine the future impact, if any, COVID-19 may have on the Fund.

Fair value of financial instruments

The Fund reviewed the inputs to its valuation of financial instruments disclosed in Note 3 as well as performing out of cycle valuations to include a consideration of the impact of COVID-19. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the Level 3 sensitivity analysis. The Fund's financial instruments include a portfolio of unlisted equity investments which, in accordance with the accounting policies disclosed, are measured at fair value as at reporting date.

Risk management

The risk management framework continues to be applied across the Fund's operations and management and the Trustee continues to monitor the impact of COVID-19 on the Fund's risk profile. Non-financial risks emerging from global movement restrictions, and remote working by staff, counterparties and service providers, have been identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

The Trustee considers liquidity to be impacted through a range of possible factors, including:

- Decreased contributions from members and employers;
- Increasing benefit payments through the Early Release Scheme; and
- Members shifting into cash or defensive investment options.

Management of liquidity risk is a key element of the Fund's investment processes. The approach to managing liquidity is outlined in Note 4 which is approved by the Trustee and implemented by management.

Measures implemented to monitor the effects of the pandemic on the Fund, include:

- continual management of the cash flow position;
- active management of each investment option in line with its long-term investment strategy;
- preparing for events that may affect liquidity; and
- frequent stress-testing the portfolios for a range of scenarios.

GUILD RETIREMENT FUND

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

16. COVID-19 IMPACT ON FINANCIAL STATEMENTS (CONTINUED)

Early release of superannuation benefits

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme (ERS) as a temporary measure to stimulate the Australian economy. The ERS allowed eligible members to access up to \$10,000 of their superannuation prior to 30 June 2020. Members withdrew \$73.8 million in benefits under the ERS prior to 30 June 2020 which has been reflected in the benefits paid in the financial statements. Members are entitled to withdraw a second benefit payment of up to \$10,000 in the 2021 financial year. \$54.3 million in benefits under ERS have been paid to members up to 27 September 2020. The ERS payments are consistent with the Fund's policies.

17. SUBSEQUENT EVENTS

At the date of signing the financial statements, there is uncertainty on the likely duration and the ultimate impact of COVID-19 on financial markets.

Other than the matter outlined above, there have been no other events subsequent to balance date which would have a material effect on the Fund's financial statements at 30 June 2020.

GUILD RETIREMENT FUND

STATEMENT BY TRUSTEE

In the opinion of the Trustee

- (a) the accompanying financial statements and notes set out on pages 2 to 24 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) present fairly the Fund's financial position as at 30 June 2020 and its performance for the year ended on that date; and
- (b) the Fund has been conducted in accordance with the provisions of the Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, and Regulations, the Corporations Act 2001, Regulations and Guidelines and Financial Sector (Collection of Data) Act 2001 during the year ended 30 June 2020; and
- (c) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Trustee



01/10/2020 12:50 PM

.....
Director

Signed this 1st day of October 2020.



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Guild Retirement Fund (ABN 22 599 554 834)

Report by the RSE Auditor to members

Opinion

I have audited the financial statements of Guild Retirement Fund for the year ended 30 June 2020 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in reserves.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Guild Retirement Fund as at 30 June 2020 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2020.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my 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 these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgement and maintained professional scepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee
- Concluded on the appropriateness of the trustee's 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 RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



Hayley Watson
Partner
Melbourne
1 October 2020



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Part 2 – Independent Auditor’s report on APRA reporting forms and Reasonable Assurance report on compliance

(A) APRA reporting forms required under reporting standards (SPS 310, Attachment A)

Independent auditor’s report to the trustee of Guild Retirement Fund ABN 22 599 554 834 on forms required under APRA reporting standards.

Opinion

I have conducted a reasonable assurance engagement on the following APRA reporting forms:

SRF 114.1	Operational Risk Financial Requirement;
SRF 320.0	Statement of Financial Position;
SRF 330.0	Statement of Financial Performance;
SRF 530.0	Investments; and
SRF 531.0	Investment Flows.

of Guild Retirement Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2020.

In my opinion:

- a) the relevant forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of Guild Retirement Fund as at 30 June 2020, and its performance for the year then ended, as reflected in the RSE’s financial statements signed on 1 October 2020 or accounting records with regard to other information that was not directly derived from the financial statements; and
- b) the trustee of Guild Retirement Fund has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms.

I have also audited the financial statements of Guild Retirement Fund for the year ended 30 June 2020. My opinion on the financial statements was signed on 1 October 2020, and was not modified.

Basis for Opinion

My reasonable assurance engagement has been conducted in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor’s responsibilities for reasonable assurance on forms required by APRA reporting standards* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my reasonable assurance engagement on the APRA reporting forms in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustee for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (APRA reporting forms) required by reporting standards made under the *Financial Sector (Collection of Data) Act 2001*, as listed in Attachment A to *Prudential Standard SPS 310 Audit and Related Matters* (APRA reporting standards) and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA reporting forms free from material misstatement, whether due to fraud or error.

In preparing the APRA reporting forms, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

The APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

Auditor's Responsibilities for forms required by APRA reporting standards

My objectives are to obtain reasonable assurance on whether the APRA reporting forms required by the APRA reporting standards are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that a reasonable assurance engagement 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 these APRA reporting forms.

As part of a reasonable assurance engagement in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the reasonable assurance engagement. I also:

- Identified and assessed the risks of material misstatement in the relevant forms, whether due to fraud or error, designed and performed reasonable assurance procedures responsive to those risks, and obtained evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or



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conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my reasonable assurance report to the related disclosures in the relevant forms or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the evidence obtained up to the date of my reasonable assurance report. However, future events or conditions may cause the RSE to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the relevant forms, including the disclosures, and whether the relevant forms represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the reasonable assurance engagement and significant findings, including any significant deficiencies in internal control that I identified during my reasonable assurance engagement.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

A handwritten signature in black ink, appearing to read 'Hayley Watson', is written over a horizontal line.

Hayley Watson
Partner
Melbourne
1 October 2020

(B) Compliance

Independent auditor's report to the trustee of Guild Retirement Fund ABN 22 599 554 834

Opinion

I have performed a reasonable assurance engagement in relation to the trustee's compliance with applicable provisions under the *Superannuation Industry (Supervision) Act 1993* (SIS Act), *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations), APRA reporting standards, *Corporations Act 2001* (Corporations Act) and *Corporations Regulations 2001* (Corporations Regulations) for the year ended 30 June 2020.

- (a) SIS Act Sections (to the extent applicable): 29VA, 35A, 65, 66, 67, 95, 97, 98, 99F, 101, 105, 106, 109, 117, 154 and 155(2);
- (b) SIS Regulations (to the extent applicable): 3.10, 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 13.14, 13.17, 13.17A;
- (c) The APRA reporting standards that are subject to reasonable assurance (to the extent applicable);
- (d) Corporations Act Sections (to the extent applicable): 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017BA, 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9);
- (e) Corporations Regulations (to the extent applicable): 7.9.07Q–7.9.07W, 7.9.11K, 7.9.11N, 7.9.11O, 7.9.11P, 7.9.11Q, 7.9.32(3), 7.9.48B, 7.9.48C and 7.9.48D.

My procedures with respect to SIS Regulation 6.17 included testing whether amounts identified by the trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the SIS Regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations

In my opinion the trustee of Guild Retirement Fund has complied, in all material respects with:

- a) The requirements of the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above for the year ended 30 June 2020; and
- b) The requirement to maintain an operational risk reserve at the required target amount in accordance with its ORFR strategy.

Basis for Opinion

I conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

I believe that the evidence obtained is sufficient and appropriate to provide a basis my opinion.

Trustee's responsibility for compliance

The RSE's trustee is responsible for complying with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations and the conditions of its RSE licence.

The RSE's trustee is responsible for identifying, designing and implementing controls to enable compliance with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations and the conditions of its RSE licence and to monitor ongoing compliance.

The trustee is responsible, under *Prudential Standard SPS 114 Operational Risk Financial Requirement* (SPS 114), for maintaining financial resources at the required target amount in accordance with its Operational Risk Financial Requirement (ORFR) strategy. The financial resources held to meet the ORFR target amount must be held either as:

- a) an operational risk reserve held within an RSE;
- b) operational risk trustee capital held by the RSE licensee; or
- c) a combination of both an operational risk reserve held within an RSE and operational risk trustee capital held by the RSE licensee.

Independence and Quality Control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and my firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Independent Assurance Practitioner's responsibilities

My responsibility is to express an opinion on the trustee's compliance in all material respects with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations based on the reasonable assurance engagement. My reasonable assurance engagement has been conducted in accordance with ASAE 3100 Compliance Engagements. This Standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance whether the trustee of Guild Retirement Fund has, in all material respects complied with the provisions listed in Section B 'Compliance' (to the extent applicable) for the year ended 30 June 2020.

My responsibility is also to express an opinion on the trustee's compliance with their ORFR strategy with respect to maintaining an operational risk reserve at the required target amount for the year ended 30 June 2020.

My procedures in relation to SIS Section 155(2) included assessing the trustee's controls in place to monitor compliance with Section 155(2). These procedures did not include testing the trustee's methodology used to calculate the issue or redemption price.

Inherent limitations

Due to the inherent limitations of any evidence gathering procedures and the internal control framework, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above, as a reasonable assurance engagement is not performed continuously throughout the year and the procedures performed in respect of compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above are undertaken on a test basis.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.



Hayley Watson
Partner
Melbourne
1 October 2020



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Part 3 - Independent Auditor's report on APRA reporting forms and Limited Assurance report on compliance

(A) APRA reporting forms required under reporting standards (SPS 310, Attachment A)

Independent auditor's report to the trustee of Guild Retirement Fund ABN 22 599 554 834 on forms required under APRA reporting standards:

Conclusion

I have conducted a limited assurance engagement on the following APRA reporting forms:

SRF 330.2	Statement of Financial Performance;
SRF 533.0	Asset Allocation;
SRF 540.0	Fees;
SRF 702.0	Investment Performance; and
SRF 703.0	Fees Disclosed.

of Guild Retirement Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2020.

Based on my limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to my attention that causes me to believe that the APRA reporting forms of Guild Retirement Fund for the year ended 30 June 2020 are not prepared, in all material respects, in accordance with the APRA reporting standards.

Basis for Conclusion

I have conducted a limited assurance engagement, in accordance with the standard, ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* (ASRE 2405) issued by AUASB, in order to state whether, on the basis of the procedures described, anything has come to my attention that causes me to believe that the relevant forms are not prepared, in all material respects, in accordance with the APRA reporting standards.

ASRE 2405 requires me to comply with the relevant professional and ethical requirements of the Standards issued by the Accounting Professional and Ethical Standards Board.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable) and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.



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Responsibilities of the trustee for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (APRA reporting forms) required by reporting standards, made under the *Financial Sector (Collection of Data) Act 2001*, as listed in Attachment A to *Prudential Standard SPS 310 Audit and Related Matters* (APRA reporting standards) and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA forms free from material misstatement, whether due to fraud or error. The APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

Auditor's Responsibilities for limited assurance on forms required by APRA reporting standards

My responsibility is to express a conclusion, based on my limited assurance engagement, on the APRA reporting forms.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for the relevant forms, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all material matters that might be identified in a reasonable assurance engagement. Accordingly, I do not express a reasonable assurance opinion.

A handwritten signature in black ink, appearing to read 'Hayley Watson', with a horizontal line underneath it.

Hayley Watson
Partner
Melbourne
1 October 2020



(B) Controls and Compliance

Independent Assurance Practitioner's Limited Assurance report to the trustee of Guild Retirement Fund ABN 22 599 554 834

Conclusion

I have performed a limited assurance engagement under the reporting requirements specified in Australian Prudential Regulation Authority (APRA) *Prudential Standard SPS 310 Audit and Related Matters* (SPS 310), as described in the *Scope* section, paragraphs *Part A* to *Part C*, of this report.

Part A - the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, in all material respects, the trustee did not have in place suitably designed systems, procedures and controls that operated effectively throughout the year ended 30 June 2020 to address compliance with all applicable Prudential Requirements.

Part B - the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, in all material respects, the trustee did not have in place suitably designed systems, procedures and controls that operated effectively throughout the year ended 30 June 2020 to provide reliable data to APRA as required under the APRA reporting standards.

Part C - Compliance with the RMF

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, in all material respects, for the year ended 30 June 2020, the trustee did not comply with its RMF.

Basis for Conclusion

I conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* and 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

I believe that the evidence obtained is sufficient and appropriate to provide a basis for my conclusion.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable) and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.



Trustee's responsibility for controls and compliance

The trustee of Guild Retirement Fund is responsible for:

- a) the trustee's systems, procedures and internal controls that are designed to ensure that the trustee has complied with all applicable prudential requirements, to provide reliable data to APRA as required by the APRA reporting standards, and has operated effectively throughout the year ended 30 June 2020;
- b) the trustee's compliance with its risk management framework, including identification and implementation of controls which will mitigate those risks that prevent the compliance requirements identified above being met and monitor ongoing compliance.

Independence and Quality Control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and my firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Independent Assurance Practitioner's responsibilities

My responsibility is to perform a limited assurance engagement as required by SPS 310, described in Scope paragraphs *Part A to Part C* of this report, and to express a limited assurance conclusion based on the procedures I have performed and the evidence I have obtained.

My limited assurance engagement has been conducted in accordance with applicable AUASB Standards on Assurance Engagements, including ASAE 3100 *Compliance Engagements* and ASAE 3150 *Assurance Engagements on Controls*, in order to express a limited assurance conclusion as described in Scope paragraphs *Part A to Part C* of this report. I have complied with the independence and other relevant ethical requirements relating to a limited assurance engagement.

The procedures I performed were based on my professional judgment and included enquiries of the trustee personnel and observation of material control procedures performed, inspection of documents, walk-throughs of material control procedures and evaluating the effectiveness of material control procedures throughout the year.

My reasonable and limited assurance engagements on the APRA reporting forms required under SPS 310 are directed towards obtaining sufficient appropriate evidence to form an opinion and conclusion under the appropriate prudential requirements. These procedures were not designed to enable me to conclude on other matters required by the APRA Prudential Standards. I have therefore performed assurance procedures in order to meet my responsibilities in relation to the design and operating effectiveness of material controls and compliance with specific requirements under the prudential requirements.



Inherent Limitations

A limited assurance engagement is substantially less in scope as the procedures performed vary in nature and timing from a reasonable assurance engagement conducted in accordance with AUASB Standards on Assurance Engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that we have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

Furthermore, projections of any evaluation of internal control procedures or compliance measures to future periods are subject to the risk that control procedures may become inadequate because of changes in conditions, or that the degree of compliance may deteriorate. Consequently, there are inherent limitations on the level of assurance that can be provided.

Accounting records and data relied on for prudential reporting and compliance are not continuously audited and do not necessarily reflect accounting adjustments necessary for end of reporting period financial report preparation, or events occurring after the end of the reporting period.

The conclusions expressed in this report are to be read in the context of the foregoing comments.

Scope

Part A - the trustee's systems, procedures and internal controls are designed and operate effectively to ensure that the trustee has complied with all applicable prudential requirements

The procedures I performed during the year ended 30 June 2020 were considered necessary in relation to the trustee's systems, procedures and controls that address compliance with all applicable Prudential Requirements. Prudential Requirements include requirements imposed by:

- a) APRA Prudential Standards;
- b) APRA reporting standards;
- c) SIS Act and SIS Regulations;
- d) APRA conditions on the trustee's licence or authorisation;
- e) Directions issued by APRA under the *SIS Act 1993*; and
- f) Other requirements imposed by APRA in writing (if applicable).

Through enquiries, observation and walk-throughs of material control procedures, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

Part B - the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

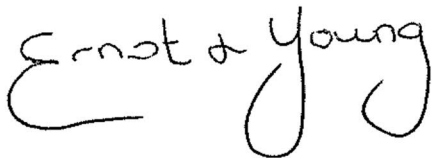
The procedures I performed were considered necessary in relation to the trustee's systems, procedures and controls, for the year ended 30 June 2020, to ensure that, in all material respects, reliable data is provided, as required by the APRA reporting standards.

Through enquiries, observation and walk-throughs of material control procedures, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

Part C - Compliance with the Risk Management Framework (RMF)

The procedures I have performed were considered necessary in relation to the trustee's compliance, in all material respects, with its RMF as defined in *Prudential Standard SPS 220 Risk Management* (SPS 220) for the year ended 30 June 2020.

Through enquiry, observation and inspection of documents, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.



Ernst & Young



Hayley Watson
Partner
Melbourne
1 October 2020