



MAPLE-BROWN ABBOTT

INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott Australian Small Companies Fund
ARSN 658 552 688

Annual financial report for the reporting period from
24 June 2022 to 30 June 2023

Maple-Brown Abbott Australian Small Companies Fund Annual Financial Report

Contents

Directors' report	1
Lead Auditor's Independence Declaration	4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to and forming part of the financial statements	9
1 Summary of significant accounting policies	9
2 Net assets attributable to unitholders	13
3 Auditor's remuneration	13
4 Related parties	14
5 Notes to the Statement of Cash Flows	16
6 Financial instruments	17
7 Events subsequent to balance date	21
Directors' declaration	22
Independent auditor's report to the unitholders	23

Directors' report

The directors of Maple-Brown Abbott Limited, the Responsible Entity of the Maple-Brown Abbott Australian Small Companies Fund (the Fund), present their report together with the financial report of the Fund for the period from 24 June 2022 to 30 June 2023 and the auditor's report thereon.

Responsible Entity

Maple-Brown Abbott Limited is the Responsible Entity of the Fund (AFSL No. 237296).

The registered office and principal place of business of the Responsible Entity and the Fund is Level 26, Tower One, International Towers, 100 Barangaroo Avenue, Barangaroo NSW 2000.

Directors

The names of the directors of the Responsible Entity during the period and up to the date of issuance of this report are:

Name	Period of directorship
T T Robinson	Appointed 07/03/2013
R A R Lee	Appointed 22/10/2015
J A Elliott	Appointed 04/01/2017
S S Rahmani	Appointed 14/10/2019
A R Maple-Brown	Appointed 11/05/2022

Principal activities

The Fund invests in accordance with its investment objectives and guidelines as set out in the Fund's current Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the reporting period.

The Fund commenced operations on 24 June 2022.

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

Review and results of operations

Subject to the criteria for stock selection outlined in the Product Disclosure Statement, the Responsible Entity aims to outperform the S&P/ASX Small Ordinaries (Total Return) Index (Benchmark), after fees, over a five-year period.

Review and results of operations (continued)

Summary of the Fund's performance after fees for the reporting period ended 30 June:

	Period from 24 June 2022 to 30 June 2023 %
Total return*	20.1
Benchmark	8.4
Distribution per unit for the reporting period ended 30 June (excluding tax credits)	-

*Total return is based on the movement in net asset value per unit plus distributions and is before tax and after all fees and charges. Imputation and foreign income tax offsets are not included in the performance figures.

Significant changes in state of affairs

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Fund during the financial reporting period under review.

Likely developments

The Fund will continue with its principal activities.

Events subsequent to balance date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of Financial Position or on the results and cash flows of the Fund.

Interests of the Responsible Entity

Fees paid out of Fund property to and units held by the Responsible Entity and its associates during the reporting period are disclosed in Note 4(b) to the financial statements.

Indemnities and insurance premiums for the officers of the Responsible Entity and auditors

No insurance premiums are paid out of the assets of the Fund for insurance cover provided to the officers of the Responsible Entity or auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the law, the officers of the Responsible Entity are generally entitled to an indemnity out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are not indemnified out of the assets of the Fund.

Environmental legislation

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

Rounding of amounts to the nearest thousand dollars

The Fund is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and in accordance with that instrument, amounts in the financial report and the Directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4.

Signed in accordance with a resolution of the directors of Maple-Brown Abbott Limited.

A handwritten signature in black ink, consisting of a stylized, cursive script that begins with a large, circular flourish and ends with a long, horizontal stroke.

Director of Maple-Brown Abbott Limited (ABN 73 001 208 564)
12 September 2023
Sydney, Australia



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Maple-Brown Abbott Limited as the Responsible Entity of
Maple-Brown Abbott Australian Small Companies Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Maple-Brown Abbott Australian Small Companies Fund for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Ashley Trang

Partner

Sydney

12 September 2023

Statement of Financial Position

	Note	2023 \$'000
Assets		
Cash and cash equivalents	5(a)	1,118
Financial assets at fair value through profit or loss	6(a)	11,367
Applications receivable		20
Interest receivable		3
Dividends and distributions receivable		27
Balances due from brokers		129
Reduced input tax credit receivable		12
Total assets		12,676
Liabilities		
Balances due to brokers		435
Sundry creditors and accruals		140
Total liabilities		575
Net assets attributable to unitholders - equity	2	12,101

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

Statement of Comprehensive Income

	Note	Period from 24 June 2022 to 30 June 2023 \$'000
Revenue		
Dividends and distributions		171
Interest income		12
Net change in the fair value of financial instruments at fair value through profit or loss		<u>714</u>
		<u>897</u>
Expenses		
Performance fees	4(b)	123
Responsible Entity fees	4(b)	73
Transaction costs		<u>48</u>
		<u>244</u>
Profit from operating activities		<u>653</u>
Total comprehensive income		<u><u>653</u></u>

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

Statement of Changes in Equity

	Note	Period from 24 June 2022 to 30 June 2023 \$'000
Total equity opening balance		-
Comprehensive income		
Profit from operating activities		<u>653</u>
Total comprehensive income		<u>653</u>
Transactions with unitholders		
Applications	2	<u>11,448</u>
Total transactions with unitholders		<u>11,448</u>
Total equity closing balance		<u><u>12,101</u></u>

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

Statement of Cash Flows

	Note	Period from 24 June 2022 to 30 June 2023 \$'000
Operating activities		
Proceeds from sale of investments		6,176
Purchase of investments		(16,516)
Interest received		9
Dividends and distributions received		137
Transaction costs paid		(48)
Responsible Entity fees paid		(49)
Performance fees paid		(3)
Reduced input tax credit received		(12)
Net cash flows used in operating activities	5(b)	<u>(10,306)</u>
Financing activities		
Proceeds from issue of units		<u>11,424</u>
Net cash flows from financing activities	5(d)	<u>11,424</u>
Change in cash and cash equivalents		1,118
Cash and cash equivalents at the beginning of the reporting period		<u>-</u>
Cash and cash equivalents at 30 June	5(a)	<u><u>1,118</u></u>

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

1 Summary of significant accounting policies

This annual financial report covers the Fund as an individual entity.

The Fund is a registered managed investment scheme under the *Corporations Act 2001*. The Fund was constituted on 1 April 2022 and will terminate 80 years (less one day) from the date of commencement or at such earlier time as provided by the Fund's Constitution or by the law.

Maple-Brown Abbott Limited is the Responsible Entity. The registered office and principal place of business of the Responsible Entity is Level 26, Tower One, International Towers, 100 Barangaroo Avenue, Barangaroo, Sydney, NSW 2000.

The annual financial report was authorised for issue by the directors of the Responsible Entity on 12 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial report.

(a) Statement of compliance

The annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia.

The annual financial report of the Fund also complies with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

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

(b) Basis of preparation

Functional and presentation currency

The annual financial report is presented in Australian dollars, which is the Fund's functional currency.

Use of estimates

In a limited number of circumstances the Responsible Entity makes estimates and assumptions that affect the reported amounts in the financial statements. These estimates and associated assumptions are reviewed regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The use of estimates and critical judgements in fair value measurement is described in note 6(a).

New accounting standards and interpretations

There are no new accounting standards, amendments or interpretations that are effective for the first time for the financial reporting period beginning 24 June 2022 that have an impact on the Fund.

(c) Financial instruments

Classification

The Responsible Entity classifies the Fund's investments based on its investment strategy for managing those financial assets and their contractual cash flow characteristics. The Responsible Entity evaluates the performance and related financial information about its investments on a fair value basis in accordance with the Fund's investment strategy.

1 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Measurement

Financial assets

The Fund's financial assets are classified either as "fair value through profit or loss" or as "amortised cost". Financial assets which are classified as "fair value through profit or loss" are recognised or derecognised by the Responsible Entity as such at trade date. They are initially recognised at fair value, excluding transaction costs, which are expensed as incurred. Thereafter they are re-measured at fair value, with any resultant gain or loss recognised immediately in the Statement of Comprehensive Income.

Listed equities are classified as financial assets at fair value through profit and loss and are valued at their quoted last sale price on the exchange on which such securities are traded as of the close of business on the day the securities are being valued.

Financial liabilities

Financial liabilities of the Fund are measured at "amortised cost" using the effective interest method. These financial liabilities are of a short term nature and hence their carrying value approximates fair value.

The issue of redeemable units in the Fund are classified as equity because the units issued by the Fund satisfies all criteria for the classification of puttable financial instruments as equity under AASB 132 *Financial Instruments: Presentation*.

Derivatives

Derivative financial instruments are held for trading and accounted for on a fair value basis using the most recent verifiable source of market prices. Fair values are obtained using quoted market prices or determined through the use of valuation techniques. All derivatives are carried as assets when the fair value is positive and as liabilities when fair value is negative.

The Fund does not designate any derivatives as hedges in a hedging relationship.

Offsetting financial instruments

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

(d) Foreign currency translation

Transactions during the reporting period denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the reporting date. Unrealised exchange gains and losses arising on the revaluation of investments are included in investment income, as part of the net change in the fair value of investments. All other material foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the Statement of Comprehensive Income.

(e) Revenue and expenses

Dividends and distribution income from financial assets at fair value through profit or loss is recognised in profit or loss when the Fund's right to receive payment is established.

1 Summary of significant accounting policies (continued)

(e) Revenue and expenses (continued)

Interest on cash deposits is calculated using the effective interest method and is recognised as revenue in the Statement of Comprehensive Income on an accruals basis.

Net change in the fair value of financial instruments at fair value through profit or loss is determined as the difference between the fair value as at reporting period or consideration received (if sold during the reporting period) and the fair value as at acquisition (if the investment was acquired during the reporting period).

Transaction costs incurred in the acquisition and disposal of assets are expensed in the Statement of Comprehensive Income on an accruals basis. Expenses, including Responsible Entity fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

(f) Distributions

In accordance with the Fund's Constitution, the Responsible Entity may elect whether to make a distribution. Once elected by the Responsible Entity, distributions paid and payable are recognised and disclosed as transactions with unitholders in the Statement of Changes in Equity.

(g) Change in net assets attributable to unitholders

Unrealised gains and losses arising from movements in the fair value of assets are held within net assets attributable to unitholders. The taxable and concessionally taxed portions of realised capital gains on the disposal of investments are attributed to unitholders in the period for which they are assessable for tax purposes.

(h) Cash and cash equivalents

Cash and cash equivalents may include cash at bank, deposits at call with banks, term deposits and bank bills of exchange and are valued at cost.

(i) Receivables

Receivables may include applications, balances due from brokers, interest, dividend and distribution receivables as well as reduced input tax credit. Receivable amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

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

(j) Other Payables

Payables may include redemptions, balances due to brokers, distribution and sundry creditors and accruals which are unpaid at the end of the reporting date.

1 Summary of significant accounting policies (continued)

(k) Taxation

The Responsible Entity has elected into the Attribution Managed Investment Trust (AMIT) regime. On the basis that unitholders are attributed all of the taxable income of the Fund (which includes net realised capital gains) for a financial reporting period, the Fund itself should not be liable for tax. Unitholders will be attributed a share of the taxable income of the Fund and will be required to include the amount attributed to them in their assessable income.

The price of a unit is based on the market values of underlying assets and thus may include a share of unrealised taxable capital gains/losses. Should a net gain be realised, that portion of the gain that is subject to capital gains tax will be attributed to unitholders.

Any balance of realised capital losses is not attributed to unitholders but is carried forward to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is attributed to unitholders.

(l) Net assets attributable to unitholders

The net assets attributable to unitholders are classified as equity because the units issued by the Fund satisfy all the criteria for “puttable financial instruments” to be classified as equity under AASB 132 *Financial Instruments: Presentation*.

Units issued by the Fund provide unitholders with the right to redeem their units on request. The fair value of redeemable units is measured at the net asset value price.

(m) Determination of redemption price for units in the Fund

The redemption price is determined in accordance with the Fund's Constitution and is calculated as the value of the assets of the Fund less its liabilities, adjusted for estimated transaction costs, divided by the number of units on issue.

(n) Goods and services tax (GST)

The Responsible Entity fees and other expenses are recognised net of the amount of GST recoverable as a reduced input tax credit (RITC). Receivables and payables are stated inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis.

2 Net assets attributable to unitholders

	Period from 24 June 2022 to 30 June 2023	
	\$'000	Units
Opening balance	-	-
Profit from operating activities	653	-
Transactions with unitholders:		
Applications	<u>11,448</u>	<u>10,045</u>
Total transactions with unitholders	<u>11,448</u>	<u>10,045</u>
Closing balance	<u><u>12,101</u></u>	<u><u>10,045</u></u>

The Responsible Entity considers net assets attributable to unitholders as capital. This capital is invested in accordance with the provisions of the Fund's Constitution. The Responsible Entity may make additional investments in the case of net applications, or realise investments in the case of net redemptions, depending on the desired level of liquidity in the Fund. Under the Fund's Constitution, the Responsible Entity may suspend applications or redemptions if it is considered to be in the best interests of unitholders.

3 Auditor's remuneration

	Period from 24 June 2022 to 30 June 2023
	\$
Audit services - KPMG:*	
Audit and review of the Annual Financial Report	17,050
Audit of the Compliance Plan	<u>5,005</u>
Total	<u><u>22,055</u></u>

*The audit fees were paid by the Responsible Entity and represents the agreed fees.

4 Related parties

(a) Responsible Entity and Key Management Personnel

Maple-Brown Abbott Limited (ABN 73 001 208 564) is the Responsible Entity of the Fund. Maple-Brown Abbott Limited is also the investment manager of the Fund.

As Responsible Entity, Maple-Brown Abbott Limited is regarded as fulfilling the role and obligations of key management personnel of the Fund. The directors of Maple-Brown Abbott Limited are regarded as key management personnel of that company and not of the Fund.

(b) Responsible Entity

The names of the persons who were directors of the Responsible Entity during or since the end of the reporting period are as follows:

Name	Period of directorship
T T Robinson	Appointed 07/03/2013
R A R Lee	Appointed 22/10/2015
J A Elliott	Appointed 04/01/2017
S S Rahmani	Appointed 14/10/2019
A R Maple-Brown	Appointed 11/05/2022

Loans to key management personnel of Maple-Brown Abbott Limited

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

Other transactions with key management personnel of Maple-Brown Abbott Limited

Apart from those details disclosed in this note, no key management personnel of Maple-Brown Abbott Limited have entered into a contract for services with the Fund since the commencement of the Fund.

Remuneration

The Responsible Entity's fees are calculated in accordance with the Fund's Constitution (as amended). The Responsible Entity's fee is 1.10% (refer to note 1(n)) per annum, accrued daily and paid monthly based on the net asset value of the Fund. The total Responsible Entity fee of \$72,898 is disclosed as an item of expense in the Statement of Comprehensive Income and the fee paid during the reporting period is disclosed separately in the Statement of Cash Flows.

4 Related parties (continued)

(b) Responsible Entity (continued)

A performance fee of 15% of the Fund's outperformance of the Benchmark in respect of the performance period (which ends on the last Business Day of June each year) net of the management fee and costs. The performance fee is calculated daily and reflected in the unit price and deducted from the Fund annually at the end of each performance period or on withdrawal (refer to note 1(n)). The total performance fee of \$122,536* is disclosed as an item of expense in the Statement of Comprehensive Income and the performance fee paid during the period is disclosed separately in the Statement of Cash Flows.

Balances payable

The aggregate amounts payable to the Responsible Entity by the Fund at 30 June are as follows:

	2023
	\$
Responsible Entity fees payable	11,758
Performance fees payable	128,565*

These amounts are included in sundry creditors and accruals in the Statement of Financial Position.

* The performance fee for the reporting period ended 30 June 2023 of \$122,536 presented in the Statement of Comprehensive Income is shown net of GST claimable. The performance fee of \$2,865 presented as paid in the Statement of Cashflows and the performance fee payable of \$128,565 in the Statement of Financial Position are shown gross of GST.

Transactions with other parties

Details of the transactions during the reporting period by each specified director and their personally related entities are as follows:

Unitholder	Number of units held at 30 June	Fair Value	Units purchased during the reporting period	Units sold during the reporting period	Distributions received/ receivable during the reporting period
2023		\$			\$
T T Robinson	147,830	178,090	147,830	-	-
R A R Lee	89,026	107,250	89,026	-	-

All transactions with related parties are conducted on normal commercial terms and conditions. This includes that Maple-Brown Abbott Limited, directly and on behalf of other Funds issued by it, and its directors and director's related entities, may invest in or withdraw from the Fund from time-to-time, and the Responsible Entity may rebate management fees to these entities where they are wholesale clients, as defined in the Corporations Act. Staff may also invest in or withdraw from the Fund from time-to-time and may also be charged lower than the stated management costs, as allowed by the Corporations Act.

5 Notes to the Statement of Cash Flows

(a) Components of cash and cash equivalents

	Period from 24 June 2022 to 30 June 2023 \$'000
Cash at bank	1,118

(b) Reconciliation of operating profit to net cash flows used in operating activities

	Period from 24 June 2022 to 30 June 2023 \$'000
Profit for the reporting period attributable to unit holders	653
Proceeds from sale of financial instruments held at fair value through profit or loss	6,176
Purchase of financial instruments held at fair value through profit or loss	(16,516)
Net gains on financial instruments held at fair value through profit or loss	(714)
Net change in receivables and other assets	(42)
Net change in payables and other liabilities	140
Reinvested income	(7)
Unitholder rebate reinvested	4
<i>Net cash flows used in operating activities</i>	(10,306)

(c) Non-cash operating and financing activities

The following amounts are not included in the Statement of Cash Flows:

Operating activities

Dividend and distribution income reinvestment

During the year the Fund received dividends and distributions in the form of units via a dividend or distribution reinvestment plan (DRP). The dividend and distribution income reinvestments are not included in the Statement of Cash Flows relating to the purchase of investments. The value of the shares or units received is based on the market value as determined by the DRP rules and is detailed below:

	Period from 24 June 2022 to 30 June 2023 \$'000
Dividends and distributions received in the form of shares or units	7

Financing activities

Unitholder rebates reinvested

The Fund issues new units in consideration for the reinvestment of rebates payable to unitholders.

5 Notes to the Statement of Cash Flows (continued)

(c) Non-cash operating and financing activities (continued)

The value of the units and number of units issued or redeemed during the reporting period is summarised below:

	Period from 24 June 2022 to 30 June 2023	
	\$'000	Units '000
Units issued or redeemed:		
Unitholder rebate reinvested	4	3

(d) Reconciliation of liabilities from financing activities

The net change in financing activities during the reporting period is \$11,424,960 which was from application, redemption and distribution paid transactions made by unitholders.

6 Financial instruments

Risks and capital management objectives

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

The Responsible Entity seeks to manage the Fund's financial risks through a variety of activities, including diversification of the investment portfolio and the selection of liquid investments in accordance with specific investment policies and restrictions set out in the Product Disclosure Statement.

The key element in the Responsible Entity's investment philosophy is the belief that share price performance is driven by medium-term earnings delivery. The Responsible Entity seeks to invest in undervalued companies supported by sustainable business models.

The nature and extent of the financial instruments outstanding at the balance date and the risk management policies employed by the Responsible Entity are discussed below, together with specific investment objectives and policies applicable to the Fund.

(a) Market risk

Market risk is the risk that the value of a financial instrument will change as a result of exposure to market price changes, interest rate changes and currency movements.

Price risk

The Fund's market price risk is managed on a daily basis in accordance with the following specific investment policies and restrictions.

Investment policies and restrictions

The Responsible Entity invests in assets in accordance to the Fund's Product Disclosure Statement and monitors the guidelines and restrictions to ensure compliance.

6 Financial instruments (continued)

(a) Market risk (continued)

Market exposures

As at 30 June the market exposures were as follows:

	2023
	\$'000
Financial assets at fair value through profit or loss:	
Listed equities	11,367
Total	11,367

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities approximates their carrying amounts in the Statement of Financial Position.

Sensitivity analysis

The table below details the approximate change in net assets attributable to unitholders if there is a percentage change in the price assuming all other variables are constant.

	2023	
	% change	\$'000
Increase in price	10	1,137
Decrease in price	(10)	(1,137)

Fair value measurement recognised in the Statement of Financial Position

The fair value measurement disclosures use a three-tier value hierarchy that reflects the significance of the inputs used in measuring fair values. The fair value hierarchy is comprised of the following levels:

- Level 1 – fair values measured using quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 – fair values measured using directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs, other than quoted prices included in Level 1; and
- Level 3 – fair values measured using inputs that are not based on observable market data (unobservable inputs).

At 30 June the financial instruments carried at fair value split by valuation method is summarised below:

	Level 1	Level 2	Level 3	Total
2023	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss:				
Listed equities	11,367	-	-	11,367
Total	11,367	-	-	11,367

6 Financial instruments (continued)

(a) Market risk (continued)

Transfers between levels

The Responsible Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Fair value measurement

Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and equity securities) is based on last sale prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value in an inactive or unquoted market (level 2 and 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. Quoted market prices or dealer quotes for similar instruments are used for debt securities held. The Responsible Entity may use a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Valuation techniques used for non-standardised financial instruments, such as over-the-counter derivatives, include the use of comparable arm's length transactions, reference to the current fair value of a substantially similar other instrument or any other valuation technique that is commonly used by market participants which maximises the use of market inputs and relies as little as possible on entity-specific inputs.

For other pricing models, inputs are based on market data at the end of the reporting period.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the reporting period ended 30 June 2023.

Financial instruments not measured at fair value

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values due to their short term nature.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates on interest bearing financial assets and liabilities. Any excess cash and cash equivalents are invested at short term market interest rates. The Responsible Entity monitors the overall exposure to cash and consequently interest rate sensitivity on a daily basis.

6 Financial instruments (continued)

(a) Market risk (continued)

At 30 June the Fund's exposure to interest rate risk is set out below:

	Floating interest rate \$'000	Fixed interest rate \$'000	Total \$'000
2023			
Cash at bank	1,118	-	1,118
Total	1,118	-	1,118

(b) 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 is exposed to daily cash redemptions of redeemable units. The majority of the Fund's investments in equity securities are considered to be readily realisable. The Fund primarily holds investments in an active market which can be readily disposed.

In order to manage the Fund's overall liquidity, the Fund's Constitution permits the Responsible Entity to suspend withdrawals if it's considered to be in the best interests of unitholders.

The table below shows financial liabilities grouped into relevant maturities based on the remaining period at 30 June to the contractual maturity date:

	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 1 year \$'000	Total* \$'000
2023					
Balances due to brokers	435	-	-	-	435
Sundry creditors and accruals	140	-	-	-	140
Total	575	-	-	-	575

*The carrying amounts equal the contractual cashflow amounts

(c) Credit risk

Credit risk is the risk that the Fund may incur a loss if other parties fail to perform their obligations under the financial instruments which comprise the Fund's investment portfolio.

Any non-equity investments generally incorporate credit assessments in investment valuations and the risk of loss is implicitly provided for in the determination of the fair value of such investments. The Fund also has a credit risk exposure in relation to its transactions with counterparties such as brokers, banks and other financial intermediaries.

The Responsible Entity manages the concentration of credit risk by transacting through a number of brokers all of whom operate on recognised and reputable exchanges. The credit risk exposure to any one counterparty is low.

Total credit risk for the Fund arising from recognised financial instruments is limited to the value of the Fund's investments and receivables shown in the Statement of Financial Position.

6 Financial instruments (continued)

(c) Credit risk (continued)

All derivatives transactions are conducted through counterparties who are members of a recognised market exchange and are approved by the Responsible Entity.

As 30 June the credit rating for cash and cash equivalents is set out below:

2023	\$'000	Credit rating
Cash at bank	<u>1,118</u>	A1+
Total	<u><u>1,118</u></u>	

(d) Operational risk

Operational risk is the risk of direct or indirect loss to the Fund associated with the Responsible Entity's processes, personnel, technology and infrastructure, and from external forces (other than credit, market and liquidity risks) such as those arising from changes to legal and regulatory requirements.

The objective of the Responsible Entity in managing operational risk is to mitigate as much as possible the risk of financial losses and damage to reputation, commensurate with overall cost effectiveness.

The Responsible Entity is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of an overall control framework implemented to manage operational risk, key aspects of which include:

- appropriate segregation of duties, including the independent authorisation of transactions;
- cash and securities positions are completely and accurately recorded and reconciled to third party data;
- monitoring the performance of external service providers;
- documentation of controls and procedures;
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- reporting of operational losses and proposed remedial action, with appropriate follow-up;
- assessment and mitigation of cyber risks and development of contingency business continuity, including disaster recovery plans;
- training and professional development;
- ethical business standards; and
- risk mitigation, including insurance where this is effective.

7 Events subsequent to balance date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of Financial Position or on the results and cash flows of the Fund.

Directors' declaration

In the opinion of the directors of Maple-Brown Abbott Limited, the Responsible Entity of the Maple-Brown Abbott Australian Small Companies Fund:

- 1 The financial statements and notes to and forming part of the financial statements are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the reporting period ended on that date; and
 - (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- 2 The financial report also complies with International Financial Reporting Standards disclosed in note 1(a); and
- 3 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 directors of Maple-Brown Abbott Limited.



A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Director of Maple-Brown Abbott Limited (ABN 73 001 208 564)
12 September 2023
Sydney, Australia



Independent Auditor's Report

To the unitholders of Maple-Brown Abbott Australian Small Companies Fund

Opinion

We have audited the **Financial Report** of the Maple-Brown Abbott Australian Small Companies Fund (the Fund).

In our opinion, the accompanying Financial Report of the Maple-Brown Abbott Australian Small Companies Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statement of financial position as at 30 June 2023;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other Information

Other Information is financial and non-financial information in the Maple-Brown Abbott Australian Small Companies Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors' Report. The Directors of Maple-Brown Abbott Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work, we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Maple-Brown Abbott Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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 Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

KPMG

Ashley Trang

Partner

Sydney

12 September 2023