

Ventura Conservative Fund

ARSN 099 584 826

Annual report

For the year ended 30 June 2016

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This annual report covers Ventura Conservative Fund as an individual entity.

The Responsible Entity of Ventura Conservative Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:
Level 2, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Ventura Conservative Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2016.

Principal activities

The Fund invests in a diversified portfolio of Australian and International listed equities, property securities, bonds, money market securities and cash through investing in the Russell Conservative Fund (the "Underlying Fund") in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below.

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Ventura Investment Management Ltd
Sub-Investment Manager	Russell Investment Management Ltd
Custodian and Administrator	National Australia Bank Limited
Statutory Auditor	Deloitte Touche Tohmatsu

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

J A (Tony) Killen OAM	Chairman (resigned 28 June 2016)
David F Groves	Deputy Chairman (retired 14 December 2015)
Robin B O Burns	Managing Director (resigned 3 May 2016)
Michael J O'Brien	(resigned 28 June 2016)
Alice J M Williams	(resigned 28 June 2016)
The Hon Jeffrey G Kennett AC	(resigned 28 June 2016)
Anne M O'Donnell	(resigned 28 June 2016)
Kevin J Eley	(resigned 28 June 2016)
Philip D Gentry	Chairman (appointed 29 June 2016)
Harvey H Kalman	(appointed 29 June 2016)
Geoffory R Rimmer	(appointed 29 June 2016)
Martin G Walsh	(appointed 29 June 2016)

Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 3.42% (gross of fees) for the year ended 30 June 2016. The Fund's benchmark, the S2 Ventura Capital Stable Fund Hybrid Index returned 4.97% for the same period.

Directors' report (continued)

Review and results of operations (continued)

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

	Year ended	
	30 June 2016	30 June 2015
Operating profit/(loss) before finance costs attributable to unit holders (\$'000)	2,757	4,409
Distributions - Wholesale		
Distributions (\$'000)	954	432
Distributions (cents per unit)	4.0652	1.6221
Distributions - Class A		
Distributions (\$'000)	2,548	1,092
Distributions (cents per unit)	4.7159	2.2333

Significant changes in the state of affairs

David F Groves retired as a director of Equity Trustees Limited on 14 December 2015.

Michael J O'Brien was appointed as Executive Director of Equity Trustees Limited on 28 April 2016. Prior to this date Michael J O'Brien was a non-executive director of Equity Trustees Limited.

Robin B O Burns resigned as Managing Director of Equity Trustees Limited on 3 May 2016.

J A (Tony) Killen OAM, The Hon Jeffrey G Kennett AC, Michael J O'Brien, Kevin J Eley, Anne M O'Donnell and Alice J M Williams all resigned as directors of Equity Trustees Limited on 28 June 2016. On 29 June 2016 Philip D Gentry, Geoffroy R Rimmer, Harvey H Kalman and Martin Walsh were appointed directors of Equity Trustees Limited.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund in future financial years;
- (ii) the results of those operations in future financial years;
- (iii) the state of the affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' report (continued)

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 15 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 15 to the financial statements.

Interests in the Fund

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

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Auditor's independence declaration

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

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



Philip D Gentry
Chairman

Melbourne
8 September 2016

The Board of Directors
Equity Trustees Limited
Level 2, 575 Bourke Street
MELBOURNE VIC 3000

8 September 2016

Dear Board Members,

Independence Declaration – Ventura Conservative Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Equity Trustees Limited, the Responsible Entity of Ventura Conservative Fund (the “Fund”).

As lead audit partner for the audit of the financial statements of the Fund for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Statement of comprehensive income

	Note	Year ended	
		30 June 2016 \$'000	30 June 2015 \$'000
Investment income			
Interest income		2	2
Distribution income		3,347	4,828
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	<u>(505)</u>	<u>(295)</u>
Total investment income/(loss)		<u>2,844</u>	<u>4,535</u>
Expenses			
Management fees	15	77	91
Remuneration of auditor		6	28
Other expenses		<u>4</u>	<u>7</u>
Total expenses		<u>87</u>	<u>126</u>
Operating profit/(loss)		<u>2,757</u>	<u>4,409</u>
Finance costs attributable to unit holders			
Distributions to unit holders	9	(3,502)	(1,524)
(Increase)/decrease in net assets attributable to unit holders	8	<u>745</u>	<u>(2,885)</u>
Profit/(loss) for the year		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

Statement of financial position

		As at	
		30 June 2016	30 June 2015
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents	10	481	538
Receivables	12	2,546	3,510
Receivable for units redeemed		165	-
Financial assets held at fair value through profit or loss	6	<u>84,112</u>	<u>82,935</u>
Total assets		<u>87,304</u>	<u>86,983</u>
Liabilities			
Distribution payable	9	1,859	887
Payables	13	<u>570</u>	<u>1,014</u>
Total liabilities (excluding net assets attributable to unit holders)		<u>2,429</u>	<u>1,901</u>
Net assets attributable to unit holders - liability	8	<u>84,875</u>	<u>85,082</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Year ended	
	30 June	30 June
	2016	2015
	\$'000	\$'000
Total equity at the beginning of the financial year		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>-</u>	<u>-</u>
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>
Total equity at the end of the financial year	<u>-</u>	<u>-</u>

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

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

Statement of cash flows

		Year ended	
		30 June	30 June
		2016	2015
	Note	\$'000	\$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		10,780	4,878
Purchase of financial instruments held at fair value through profit or loss		(12,627)	(21,724)
Interest income received		2	2
Distributions received		4,274	3,453
Management fees paid		(79)	(92)
Audit fees paid		(6)	(28)
Other expenses paid		(4)	(6)
Net cash inflow/(outflow) from operating activities	11(a)	<u>2,340</u>	<u>(13,517)</u>
Cash flow from financing activities			
Proceeds from applications by unit holders		16,010	28,180
Payments for redemptions by unit holders		(16,052)	(11,850)
Distributions paid to unit holders		(2,355)	(2,422)
Net cash inflow/(outflow) from financing activities		<u>(2,397)</u>	<u>13,908</u>
Net increase/(decrease) in cash and cash equivalents		(57)	391
Cash and cash equivalents at the beginning of the year		<u>538</u>	<u>147</u>
Cash and cash equivalents at the end of the year	10	<u>481</u>	<u>538</u>
Non-cash operating and financing activities	11(b)	175	149

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

Notes to the financial statements

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1 General information

These financial statements cover Ventura Conservative Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 12 February 2002 and will terminate on 11 February 2082, unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 2, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in Australian dollars unless otherwise noted.

The Fund invests in a diversified portfolio of Australian and International listed equities, property securities, bonds, money market securities and cash through investing in the Russell Conservative Fund (the "Underlying Fund") in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) *Compliance with International Financial Reporting Standards (IFRS)*

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

(ii) *New and amended standards adopted by the Fund*

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Fund.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund. The Fund has not yet decided when to adopt AASB 9.

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of AASB 15 to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements. The Fund has not yet decided when to adopt AASB 15.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(b) Financial instruments

(i) *Classification*

The Fund's investments are classified as at fair value through profit or loss. They comprise of:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and liabilities that are not held for trading purposes and which may be sold. These are investments in an unlisted unit trust.

Financial assets and liabilities designated at fair value through profit or loss at inception are those managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy as outlined in the Product Disclosure Statement. The Fund's policy is for the Investment Manager to evaluate information about these financial instruments on a fair value basis together with other related financial information.

(ii) *Recognition and derecognition*

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

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

- Financial instruments held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

(iv) Offsetting financial instruments

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

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income, in accordance with the Fund's Constitution.

The units can be put back to the Fund at any time for cash based on the redemption price.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(e) Investment income

(i) Interest income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis. Changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(ii) Distributions

Trust distributions are recognised on an entitlement basis.

2 Summary of significant accounting policies (continued)

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax as unit holders are presently entitled to the income of the Fund. The benefits of any imputation credits and foreign tax paid are passed on to unit holders.

(h) Distributions

The Fund distributes its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

(i) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

(j) Foreign currency translation

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(k) Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(l) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(m) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

2 Summary of significant accounting policies (continued)

(o) Use of estimates

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

For more information on how fair value is calculated refer to Note 4 to the financial statements.

(p) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

(q) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Funds' financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on unlisted unit trusts is limited to the fair value of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Ventura Investment Management Ltd ('Ventura'), under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund consistent with those stated in the Product Disclosure Statement. Ventura have appointed a Sub-Investment Manager, Russell Investment Management Ltd, under a Sub-Investment Management Agreement (Sub-IMA).

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risks, and ratings analysis for credit risk. On a quarterly basis, the Responsible Entity receives compliance certification from the Investment Manager.

(a) Market risk

(i) Price risk

The Fund is exposed to price risk on its investments in the underlying Russell Conservative Fund. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

Price risk is managed by the Sub-Investment Manager. The Fund's Sub-Investment Manager mitigates price risk through diversification and a careful selection of securities and other financial instruments in accordance with the investment mandate of the Fund.

The Fund's overall market positions are monitored on a regular basis by the Fund's Sub-Investment Manager. This information and the compliance with the Fund's Product Disclosure Statement are reported to the Investment Manager's compliance manager and other key management personnel.

The table in Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Fund invests moves by +/- 10% (2015: +/- 10%).

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Fund has no significant direct interest rate risk as at 30 June 2016 (30 June 2015: nil).

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unit holders	
	Price risk	
	-10%	+10%
	\$'000	\$'000
As at 30 June 2016	(8,411)	8,411
As at 30 June 2015	(8,294)	8,294

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents due for units redeemed by the Fund. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents.

(d) Liquidity risk

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

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests.

The Sub-Investment Manager monitors the Fund's liquidity position on a regular basis. This information and the compliance with the Fund's policy are reported to the Investment Manager's compliance manager and other key management personnel.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2016 and 2015.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unit holder's option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2016					
Distribution payable	1,859	-	-	-	1,859
Payables	570	-	-	-	570
Net assets attributable to unit holders	<u>84,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,875</u>
Contractual cash flows (excluding derivatives)	<u>87,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,304</u>
As at 30 June 2015					
Distribution payable	887	-	-	-	887
Payables	1,014	-	-	-	1,014
Net assets attributable to unit holders	<u>85,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,082</u>
Contractual cash flows (excluding derivatives)	<u>86,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,983</u>

4 Fair value measurement

The Fund measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 of the financial statements.

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

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

4 Fair value measurement (continued)

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of the investee funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

(b) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2016.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2016				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trust	-	<u>84,112</u>	-	<u>84,112</u>
Total financial assets	<u>-</u>	<u>84,112</u>	<u>-</u>	<u>84,112</u>
As at 30 June 2015				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trust	-	<u>82,935</u>	-	<u>82,935</u>
Total financial assets	<u>-</u>	<u>82,935</u>	<u>-</u>	<u>82,935</u>

(c) Transfer between levels

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(d) Financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Year ended	
	30 June 2016 \$'000	30 June 2015 \$'000
Financial assets		
Net realised gain/(loss) on financial assets designated at fair value through profit or loss	(173)	169
Net unrealised gain/(loss) on financial assets designated at fair value through profit or loss	<u>(332)</u>	<u>(464)</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(505)</u>	<u>(295)</u>

6 Financial assets held at fair value through profit or loss

	As at	
	30 June 2016 \$'000	30 June 2015 \$'000
Designated at fair value through profit or loss		
Unlisted unit trust	<u>84,112</u>	<u>82,935</u>
Total designated at fair value through profit or loss	<u>84,112</u>	<u>82,935</u>
Total financial assets held at fair value through profit or loss	<u>84,112</u>	<u>82,935</u>

7 Structured entities

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

The Fund considers all investments in managed investment schemes (the "Schemes") to be structured entities. The Fund invests in Schemes for the purpose of capital appreciation and or earning investment income.

The exposure to investments in unrelated Schemes are disclosed in the following table:

	Fair value of investment		Interest held	
	30 June 2016 \$'000	30 June 2015 \$'000	30 June 2016 %	30 June 2015 %
Russell Conservative Fund	84,112	82,935	10.69	11.18

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

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

During the year ended 30 June 2016, total gains/(losses) incurred on investments in the Scheme were (\$505,046) (2015: (\$294,911)).

The Fund also earned distribution income of \$3,347,423 (2015: \$4,827,908) as a result of its interests in the Scheme.

8 Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	Year ended		Year ended	
	30 June 2016 Units '000	30 June 2015 Units '000	30 June 2016 \$'000	30 June 2015 \$'000
Wholesale				
Opening balance	26,279	30,471	26,175	29,676
Applications	932	1,518	987	1,585
Redemptions	(4,679)	(5,738)	(4,914)	(6,056)
Reinvestment of distributions	20	28	21	28
Increase/(decrease) in net assets attributable to unit holders	<u>-</u>	<u>-</u>	<u>1,422</u>	<u>942</u>
Closing balance	<u>22,552</u>	<u>26,279</u>	<u>23,691</u>	<u>26,175</u>
Class A				
Opening balance	50,496	32,464	58,907	36,616
Applications	13,188	23,544	14,986	26,663
Redemptions	(9,460)	(5,620)	(10,696)	(6,436)
Reinvestment of distributions	137	108	154	121
Increase/(decrease) in net assets attributable to unit holders	<u>-</u>	<u>-</u>	<u>(2,167)</u>	<u>1,943</u>
Closing balance	<u>54,361</u>	<u>50,496</u>	<u>61,184</u>	<u>58,907</u>
Total closing balance			<u>84,875</u>	<u>85,082</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

There are two separate classes of units. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them from medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

9 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2016 \$'000	30 June 2016 CPU	30 June 2015 \$'000	30 June 2015 CPU
Distributions - Wholesale				
September	286	1.1336	9	0.0312
December	56	0.2280	2	0.0065
March	108	0.4688	153	0.5636
June (payable)	504	2.2348	268	1.0208
Total distributions	<u>954</u>	<u>4.0652</u>	<u>432</u>	<u>1.6221</u>
Distributions - Class A				
September	689	1.3057	14	0.0335
December	182	0.3313	3	0.0070
March	322	0.5869	456	0.9677
June (payable)	1,355	2.4920	619	1.2251
Total distributions	<u>2,548</u>	<u>4.7159</u>	<u>1,092</u>	<u>2.2333</u>
Total distributions	<u>3,502</u>		<u>1,524</u>	

10 Cash and cash equivalents

	As at	
	30 June 2016 \$'000	30 June 2015 \$'000
Cash at bank	<u>481</u>	<u>538</u>
Total cash and cash equivalents	<u>481</u>	<u>538</u>

This account is earning a floating interest rate of between 1.30% and 1.55% as at 30 June 2016 (30 June 2015: 1.55% and 2.05%).

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

	Year ended	
	30 June	30 June
	2016	2015
	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	(745)	2,885
Distribution to unit holders	3,502	1,524
Proceeds from sale of financial instruments held at fair value through profit or loss	10,780	4,878
Purchase of financial instruments held at fair value through profit or loss	(12,627)	(21,724)
Net (gains)/losses on financial instruments held at fair value through profit or loss	505	295
Net change in receivables	927	(1,374)
Net change in payables	(2)	(1)
Net cash inflow/(outflow) from operating activities	<u>2,340</u>	<u>(13,517)</u>
(b) Non-cash operating and financing activities		
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	<u>175</u>	<u>149</u>
Total non-cash operating and financing activities	<u>175</u>	<u>149</u>

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

12 Receivables

	As at	
	30 June	30 June
	2016	2015
	\$'000	\$'000
Distribution receivable	2,410	3,337
Applications receivable	134	171
GST receivable	2	2
Total receivables	<u>2,546</u>	<u>3,510</u>

13 Payables

	As at	
	30 June 2016 \$'000	30 June 2015 \$'000
Management fees payable	6	8
Redemptions payable	<u>564</u>	<u>1,006</u>
Total payables	<u>570</u>	<u>1,014</u>

14 Remuneration of auditor

During the year, the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Deloitte Touche Tohmatsu		
<i>Audit and other assurance services</i>		
Audit of financial statements	9,200	9,018
Audit of compliance plan	<u>3,200</u>	<u>3,183</u>
Total remuneration for audit and other assurance services	<u>12,400</u>	<u>12,201</u>
 <i>Taxation Services</i>		
Tax compliance services	<u>5,116</u>	<u>5,040</u>
Total remuneration for taxation services	<u>5,116</u>	<u>5,040</u>
Total remuneration of Deloitte Touche Tohmatsu	<u>17,516</u>	<u>17,241</u>

The auditor's remuneration was borne by the Fund. Fees are stated net of GST.

15 Related party transactions

The Responsible Entity of Ventura Conservative Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted the services of Ventura Investment Management Ltd, to act as Investment Manager who has appointed a Sub-Investment Manager, Russell Investment Management Ltd, and National Australia Bank Limited to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

J A (Tony) Killen OAM	Chairman (resigned 28 June 2016)
David F Groves	Deputy Chairman (retired 14 December 2015)
Robin B O Burns	Managing Director (resigned 3 May 2016)
Michael J O'Brien	(resigned 28 June 2016)
Alice J M Williams	(resigned 28 June 2016)
The Hon Jeffrey G Kennett AC	(resigned 28 June 2016)
Anne M O'Donnell	(resigned 28 June 2016)
Kevin J Eley	(resigned 28 June 2016)
Philip D Gentry	Chairman (appointed 29 June 2016)
Harvey H Kalman	(appointed 29 June 2016)
Geoffory R Rimmer	(appointed 29 June 2016)
Martin G Walsh	(appointed 29 June 2016)

(ii) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

(b) Transactions with key management personnel

There were no transactions with key management personnel during the year.

(c) Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2016 (30 June 2015: nil).

(d) Key management personnel compensation

Key management personnel are paid by Equity Trustees Limited. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

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

(f) Other transactions within the Fund

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

15 Related party transactions (continued)

(g) Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement, the Responsible Entity and the Investment Manager are entitled to receive management fees.

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
Investment management fees for the year	77,425	90,809
Total fees payable to the Investment Manager at year end	6,415	8,056

The management fees borne by the Fund are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers. The on-payment of fees include Responsible Entity fees, Custodian and Administrator fees and other expenses.

Equity Trustees Limited earned \$30,000 (2015: \$30,000) for Responsible Entity services to the Fund.

(h) Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Fund as at 30 June 2016 (30 June 2015: nil).

(i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2015: nil).

16 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2016 or on the results and cash flows of the Fund for the year ended on that date.

17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2016 and 30 June 2015.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2016 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Philip D Gentry
Chairman

Melbourne
8 September 2016

Independent Auditor's Report to the Unit Holders of Ventura Conservative Fund

We have audited the accompanying financial report of Ventura Conservative Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity of the Fund (the "Directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Fund's preparation of the financial report that gives a true and fair view, 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors, would be in the same terms if given to the Directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of the Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a).

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Melbourne, 8 September 2016