

# *Ventura Managed Account Portfolios*

ARSN: 601 085 410

## **Condensed Financial Report** *For the half-year ended* *31 December 2016*



**Ventura Investment Management Limited**  
Company ABN 49 092 375 258  
Australian Financial Services Licence No #253045

# Ventura Managed Account Portfolios

## Condensed Financial Report

### For the half-year ended 31 December 2016

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## Directors' Report

The directors of Ventura Investment Management Limited, the Responsible Entity of the Ventura Managed Account Portfolios (the "Scheme"), present their report together with the condensed financial report for the Scheme, for the half-year ended 31 December 2016 and the auditor's review report thereon. This financial report has been prepared for the Ventura Managed Account Portfolios, an Australian registered scheme, as it is a disclosing entity under the *Corporations Act 2001*.

### Scheme Objectives

The primary aim of the Scheme is to provide investors with a diversified portfolio of predominantly listed investments including but not limited to shares, exchange traded funds (ETFs), listed investment companies (LICs) and Australian Real Estate Investment Trusts (AREITS) through a comprehensive range of Investment Models developed and managed by various investment managers (the Model Managers).

### Service Providers

The service providers during or since the end of the period are:

- Responsible Entity of the Scheme: Ventura Investment Management Limited (ABN 49 092 375 258) (the "Responsible Entity"). The registered office and principal place of business of the Responsible Entity and the Scheme is Level 13, Corporate Centre One, Cnr Bundall Rd & Slatyer Ave, Bundall QLD 4217;
- Administrator: Praemium Australia Limited (ABN 92 117 611 784);
- Custodian: HSBC Bank Australia Limited (ABN 48 006 434 162);
- Auditor: Deloitte Touche Tohmatsu (ABN 74 490 121 060).

### Principal Activities

The Scheme invested in accordance with the provisions of the Scheme's Constitution. The Scheme did not have any employees during the period.

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

### Directors

The following persons held office as directors of Ventura Investment Management Limited during the reporting period and up to the date of this report:

#### Director

Mathew Walker  
John de Zwart  
John Cowan

### Review and Results of Operations

During the period, the Scheme invested in accordance with investors' target asset allocations and Model Portfolios set out in the product disclosure statements of the Scheme and in accordance with the provisions of the Scheme's Constitution.

### Results

The returns to investors in the Scheme are based on the performance of investments in the investors' respective accounts. The Scheme invests according to investment strategies and Model Portfolios selected by investors.

## Directors' Report (continued)

### Rounding of Amounts to the Nearest Thousand Dollars

The Scheme is a scheme of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument, dated 26 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, 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 3.

The financial statements were authorised for issue by the directors on 8 March 2017. This report is made in accordance with a resolution of the directors.



Director  
John de Zwart

8 March 2017



Director  
Mathew Walker

The Board of Directors  
Ventura Investment Management Limited  
Level 14, Corporate Centre One  
Cnr Bundall Rd & Slatyer Ave  
Bundall QLD 4217

8 March 2016

Dear Board Members

## **Independence Declaration – Ventura Managed Account Portfolios**

In accordance with the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Ventura Investment Management Limited, the Responsible Entity, regarding the financial report for the Ventura Managed Account Portfolios.

As lead audit partner for the review of the financial statements of the Ventura Managed Account Portfolios for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



James Oliver  
Partner  
Chartered Accountants

## Condensed Statement of Profit or Loss and Other Comprehensive Income

	<b>Half-year ended 31-Dec-16 \$'000</b>	<b>Half-year ended 31-Dec-15 \$'000</b>
<b>Investment Income</b>		
Net gain / (loss) on financial instruments held at fair value through profit or loss	3,091	(727)
Dividend and Distribution income	4,098	544
Interest income	131	67
Other operating income	59	-
<b>Total net investment income / (loss)</b>	<b>7,379</b>	<b>(116)</b>
Responsible Entity's fees	920	427
Other operating expenses	1,276	233
<b>Total operating expenses</b>	<b>2,196</b>	<b>660</b>
<b>Net operating profit / (loss)</b>	<b>5,183</b>	<b>(776)</b>
<b>Financing costs attributable to investors</b>		
Increase / (decrease) in net assets attributable to investors	5,183	(776)
<b>Net profit / (loss) for the period</b>	<b>-</b>	<b>-</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>

The above Condensed Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Condensed Statement of Financial Position

	Notes	As at 31-Dec-16 \$'000	As at 30-Jun-16 \$'000
<b>Assets</b>			
Cash and cash equivalents		36,867	20,865
Dividend and Distribution receivable		1,726	608
Due from brokers - receivable for securities sold		19	18
Financial assets held at fair value through profit or loss			
Equity securities	3	34,467	21,984
Units in listed and unlisted trusts	3	166,524	94,356
<b>Total assets</b>		<b>239,603</b>	<b>137,831</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses		342	194
Due to brokers - payables for securities purchased		1,262	1,839
<b>Total liabilities (excluding net assets attributable to investors)</b>		<b>1,604</b>	<b>2,033</b>
Net assets attributable to investors	4	<b>237,999</b>	<b>135,798</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>

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

## Condensed Statement of Changes in Equity

Notes	Half-year ended 31-Dec-16 \$'000	Half-year ended 30-Jun-16 \$'000
<b>Total equity at beginning of the period</b>	-	-
Profit / (loss) for the period	-	-
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the period</b>	-	-

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

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



## Condensed Statement of Cash Flows

	<b>Half-year ended 31-Dec-16 \$'000</b>	<b>Half-year ended 31-Dec-15 \$'000</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments held at fair value through profit or loss	23,268	7,247
Purchase of financial instruments held at fair value through profit or loss	(103,879)	(52,600)
Dividends and Distributions received	2,982	406
Interest received	131	67
Responsible Entity's fees paid	(835)	(382)
Operating expenses paid	(1,154)	(233)
<b>Net cash flows used in operating activities</b>	<b>(79,487)</b>	<b>(45,495)</b>
<b>Cash flows from financing activities</b>		
Proceeds from applications by investors	107,766	58,484
Payments for redemptions by investors	(12,278)	(5,917)
<b>Net cash flows provided by financing activities</b>	<b>95,488</b>	<b>52,567</b>
<b>Net increase in cash and cash equivalents</b>	<b>16,001</b>	<b>7,072</b>
Cash and cash equivalents at the beginning of the period	<b>20,865</b>	<b>4,651</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>36,866</b>	<b>11,723</b>
<b>Non-cash financing activities</b>	<b>1,529</b>	<b>218</b>

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

## Notes to the Financial Statements

### 1. Statement of Compliance

The condensed financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 'Interim Financial Reporting'*. *Compliance with AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 'Interim Financial Reporting'*.

This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2016 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### 2. Significant Accounting Policies

#### a) Basis of preparation

This condensed financial statement covers the Ventura Managed Account Portfolios (the "Scheme") as an individual entity. The Scheme was constituted on 18 August 2014.

The Scheme is a scheme of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument, dated 26 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Scheme's annual financial report for the financial year ended 30 June 2016. The financial report is denominated in \$AUD.

#### (i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk. The Scheme measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is considered as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where there is no quoted price in an active market, the Scheme uses valuation techniques that maximize the use of relevant and observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would take into account in pricing a transaction.

#### (ii) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

### 3. Fair Value Measurement

#### (a) Fair value estimation

The carrying amounts of the Scheme's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through the profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Condensed Statement of Profit or Loss and Other Comprehensive Income.

##### *(i) Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of each reporting period without any deduction for estimated future selling costs.

The Scheme values its investments in accordance with the accounting policies set out in Note 2. For the majority of its investments the Scheme relies on information provided by independent pricing services for the valuation of investments.

The quoted market price used for financial assets held by the Scheme is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Scheme holds derivatives with offsetting market risks, mid-market prices are used as a basis for establishing fair values for the offsetting risk positions and bid or asking prices are applied to the net open positions, as appropriate.

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 regularly occurring market transactions on an arm's length basis.

##### *(ii) Fair value in an inactive or unquoted market*

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Schemes for similar financial instruments.

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

#### (b) Fair value hierarchy

##### *Classification of financial assets and financial liabilities*

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

### 3. Fair Value Measurement (continued)

#### (b) Fair value hierarchy (continued)

The tables below set out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2016 and 30 June 2016.

	Level 1 \$'000	Level 2 \$'000	Total \$'000
<b>31 December 2016</b>			
<b>Financial assets</b>			
Financial assets designated at fair value through profit or loss			
- Equity securities	34,467	-	34,467
- Units in listed and unlisted trusts	90,231	76,293	166,524
<b>Total</b>	<u>124,698</u>	<u>76,293</u>	<u>200,991</u>

	Level 1 \$'000	Level 2 \$'000	Total \$'000
<b>30 June 2016</b>			
<b>Financial assets</b>			
Financial assets designated at fair value through profit or loss			
- Equity securities	21,984	-	21,984
- Units in listed and unlisted trusts	60,366	33,989	94,356
<b>Total</b>	<u>82,350</u>	<u>33,989</u>	<u>116,340</u>

There were no transfers into or out of Level 3 during the half year. (30 June 2016: \$nil)

### 4. Net Asset Attributable to Investors

As stipulated within the Scheme's Constitution, investors are the beneficial owners of investments in their personal portfolios in the Scheme and have the right to sell the investments at prevailing market prices less transaction costs.

Movements in net assets attributable to investors during the period ended 31 December 2016 were as follows:

	<b>Half-year ended 31-Dec-16 \$'000</b>	<b>Half-year ended 31-Dec-15 \$'000</b>
Opening net assets attributable to investors	135,798	18,684
<b>Applications</b>		
Cash	107,766	58,484
Securities transfer-in	1,529	218
<b>Redemptions</b>		
Cash	(12,278)	(5,917)
Increase / (decrease) in net assets attributable to investors	5,183	(776)
<b>Closing balance</b>	<u>237,998</u>	<u>70,693</u>

## 5. Events Occurring After the Reporting Date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme as disclosed in the Condensed Statement of Financial Position as at 31 December 2016 or on the results and cash flows of the Scheme for the financial half-year ended on that date.

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Scheme's financial position as at 31 December 2016 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

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



Director  
John de Zwart



Director  
Mathew Walker

8 March 2017

## Independent Auditor's Review Report to the Members of Ventura Managed Account Portfolios

We have reviewed the accompanying half-year financial report of Ventura Managed Account Portfolios (the "Scheme"), which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, other explanatory notes and the directors' declaration of the Scheme as set out on pages 4 to 12.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Ventura Investment Management Limited, as the Responsible Entity of the Scheme are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Funds, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Auditor's Independence Declaration*

In conducting our review, 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 of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Scheme is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Scheme's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



James Oliver  
Partner  
Chartered Accountants  
Melbourne, 8 March 2017