

# **ETFS US Quality ETF**

ARSN 685 149 464

## **Annual report**

**For the period 7 March 2025 to 30 June 2025**

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## Annual report For the period 7 March 2025 to 30 June 2025

### Contents

Directors' report

Auditor's independence declaration

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Directors' declaration

Independent auditor's report to the unit holders of ETFS US Quality ETF

This annual report covers ETFS US Quality ETF as an individual entity.

The Responsible Entity of ETFS US Quality ETF is ETF Shares Management Ltd (ABN 77 680 639 963) (AFSL 562766).

The Responsible Entity's registered office is:

Macquarie DTI, 3 Innovation Road,  
Macquarie University, NSW, 2109.

## Directors' report

The directors of ETF Shares Management Ltd, the Responsible Entity of ETFS US Quality ETF, present their report together with the financial statements of the Fund for the period 7 March 2025 to 30 June 2025 and the auditor's report thereon.

### Principal activities

The Fund was constituted on 7 March 2025, registered with the Australian Securities and Investments Commission (ASIC) on 14 March 2025 and commenced operations on 2 May 2025.

The Fund is quoted on the Cboe Australia (CXA) securities exchange and accessible under the ticker BEST from 6 May 2025.

The Fund gives investors exposure to 100 large US companies that have superior quality characteristics, as determined by the Index Provider. The Index Provider defines quality as free cash flow margin, and free cash flow return on invested capital in accordance with the Product Disclosure Statement and the provision of the Fund's Constitution.

The Fund did not have any employees during the period.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	ETF Shares Management Ltd
Custodian and Administrator	Apex Fund Services Pty Ltd (an Apex Group Company)
Unit Registrar	MUFG Corporate Markets (AU) Limited
Statutory Auditor	KPMG

### Directors

The following persons held office as directors of ETF Shares Management Ltd during or since the end of the period and up to the date of this report:

Name	Date of appointment
Graham Tuckwell	10 September 2024
Chi Ho (Cliff) Man	10 September 2024
David Tuckwell	10 September 2024

### Review and results of operations

During the period, 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 10.21% (net of fees) for the period ended 30 June 2025. The Fund's benchmark, the Solactive United States Quality Cash Flow Index returned 10.27% for the same period. The Fund's performance is calculated based on the percentage change in the Fund's redemption price over the period (with any distributions paid during the period reinvested). Returns are disclosed after fees and expenses.

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

	<b>For the period 7 March 2025 to 30 June 2025</b>
Profit/(loss) for the period (\$)	<b>331,421</b>
Distributions paid and payable (\$)	<b>3,705</b>
Distributions (cents per unit)	<b>0.5489</b>

### Significant changes in the state of affairs

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

## Directors' report (continued)

### Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may have a significant effect on:

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

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to the officers of ETF Shares Management Ltd. So long as the officers of ETF Shares Management Ltd 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 period are disclosed in Note 13 to the financial statements.

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

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

### Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 6 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.

### 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 4.

This report is made in accordance with a resolution of the directors of ETF Shares Management Ltd through a delegated authority given by ETF Shares Management Ltd's Board.



Chi Ho (Cliff) Man  
Director

Sydney  
Date: 22 September 2025



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

To the Directors of ETF Shares Management Limited, the Responsible Entity for ETFS  
US Quality ETF

I declare that, to the best of my knowledge and belief, in relation to the audit of ETFS US Quality ETF for the financial period from 7 March 2025 to 30 June 2025 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

  
Andrew Reeves  
Partner

Sydney

22 September 2025

**Statement of comprehensive income**

	Notes	For the period 7 March 2025 to 30 June 2025 \$
<b>Income</b>		
Dividend and distribution income		10,705
Net foreign exchange gain/(loss)		(12)
Net gains/(losses) on financial instruments at fair value through profit or loss		327,596
Other income		282
<b>Total income/(loss)</b>		<b>338,571</b>
<b>Expenses</b>		
Management fees	13	2,747
Withholding taxes		2,115
Transaction costs		2,149
Other expenses		139
<b>Total expenses</b>		<b>7,150</b>
<b>Profit for the period</b>		<b>331,421</b>
Other comprehensive income		-
<b>Total comprehensive income for the period</b>		<b>331,421</b>

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

**Statement of financial position**

	Notes	As at 30 June 2025 \$
<b>Assets</b>		
Cash and cash equivalents	8	5,373
Receivables	10	3,248
Financial assets at fair value through profit or loss	5	7,432,839
<b>Total assets</b>		<b>7,441,460</b>
<b>Liabilities</b>		
Payables	11	1,786
Distributions payable	7	3,705
<b>Total liabilities</b>		<b>5,491</b>
<b>Net assets attributable to unit holders – equity</b>	<b>6</b>	<b>7,435,969</b>

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

**Statement of changes in equity**

	Notes	For the period 7 March 2025 to 30 June 2025 \$
<b>Total equity at the beginning of the financial period</b>		-
<b>Comprehensive income for the financial period</b>		
Profit/(loss) for the period		331,421
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>331,421</b>
<b>Transactions with unit holders</b>		
Applications	6	7,108,253
Distributions to unit holders	6	(3,705)
<b>Total transactions with unit holders</b>		<b>7,104,548</b>
<b>Total equity at the end of the financial period</b>		<b>7,435,969</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2c and 6.*

**Statement of cash flows**

	Notes	For the period 7 March 2025 to 30 June 2025 \$
<b>Cash flows from operating activities</b>		
Proceeds from sales of financial instruments at fair value through profit or loss		41,635
Payments for purchase of financial instruments at fair value through profit or loss		(7,146,878)
Dividends and distributions received		5,412
Other income received		282
Other expenses paid		(209)
Management fees paid		(961)
Transaction costs paid		(2,149)
<b>Net cash inflow/(outflow) from operating activities</b>	9(a)	<b>(7,102,868)</b>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unit holders		7,108,253
<b>Net cash inflow/(outflow) from financing activities</b>		<b>7,108,253</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,385</b>
Effects of foreign currency exchange rate changes on cash and cash equivalents		(12)
<b>Cash and cash equivalents at the end of the period</b>	8	<b>5,373</b>

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

## **Notes to the financial statements**

### **Contents**

1. General information
2. Summary of material accounting policy information
3. Financial risk management
4. Fair value measurement
5. Financial assets at fair value through profit or loss
6. Net assets attributable to unit holders - equity
7. Distributions to unit holders
8. Cash and cash equivalents
9. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
10. Receivables
11. Payables
12. Remuneration of auditors
13. Related party transactions
14. Events occurring after the reporting period
15. Contingent assets and liabilities and commitments

## 1. General information

These financial statements cover ETFS US Quality ETF (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 7 March 2025 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is ETF Shares Management Ltd (ABN 77 680 639 963) (AFSL 562766) (the "Responsible Entity"). The Responsible Entity's registered office is Macquarie DTI, 3 Innovation Road, Macquarie University, NSW 2109. The financial statements are presented in the Australian currency unless otherwise noted.

The Fund is quoted on the Cboe Australia (CXA) securities exchange and accessible under the ticker BEST from 6 May 2025.

The Fund gives investors exposure to 100 large US companies that have superior quality characteristics, as determined by the Index Provider. The Index Provider defines quality as free cash flow margin, and free cash flow return on invested capital in accordance with the Product Disclosure Statement and the provision 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 material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period 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 do not distinguish 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.

#### *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 standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 7 March 2025 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

#### *iii. New standards and interpretations not yet adopted*

#### *AASB 18 Presentation and Disclosure in Financial Statements*

AASB 18 was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements*. The new standard introduces new requirements for the statement of comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual years beginning on or after 1 January 2027 and will apply to the Fund for the financial year ending 30 June 2028.

## 2. Summary of material accounting policy information (continued)

### a. Basis of preparation (continued)

#### iii. *New standards and interpretations not yet adopted (continued)*

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the statement of comprehensive income line items are presented as well as some additional disclosures in the notes to the financial statements. The Fund is in the process of assessing the impact of the new standard.

Certain amendments to accounting standards have been published that are not mandatory for the 30 June 2025 reporting year and have not been early adopted by the Fund. These amendments are not expected to have a material impact on the Fund in the current or future reporting years and on foreseeable future transactions.

### b. Financial instruments

#### i. *Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Fund Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable and management fees payable).

#### 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 liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### iii. *Measurement*

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and financial liabilities 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 within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

## 2. Summary of material accounting policy information (continued)

### b. Financial instruments (continued)

#### iii. Measurement (continued)

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

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables, payables and distributions payable are carried at amortised cost.

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

#### iv. Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other 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 expenses in the statement of comprehensive income.

#### v. 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 can be put back to the Fund at any time for cash based on the redemption price which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

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.

The Fund's units are classified as equity as they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation* :

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The Fund's units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

## **2. Summary of material accounting policy information (continued)**

### **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 represents the Fund's main income generating activity.

### **e. Income**

#### *i. Interest income*

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### *ii. Dividends and distributions*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

### **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 provided it attributes the entirety of its taxable income to its unit holders.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

### **h. Distributions**

The Fund may distribute 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 changes in equity.

### **i. Foreign currency translation**

#### *i. Functional and presentation currency*

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.

## **2. Summary of material accounting policy information (continued)**

### **i. Foreign currency translation (continued)**

#### *ii. Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

### **j. Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

### **k. Receivables**

Receivables may include amounts for interest, dividends and trust distributions. Dividends and 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.

### **l. Payables**

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

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial 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 and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as an operating cash flow.

### **o. Use of estimates and judgements**

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial period. Estimates and judgements 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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Fund Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

## 2. Summary of material accounting policy information (continued)

### p. Comparative period

The Fund was constituted on 7 March 2025 registered with the Australian Securities and Investments Commission on 14 March 2025 and commenced operations on 2 May 2025. The reporting period covers the period 7 March 2025 to 30 June 2025, hence there is no comparative information.

### q. Rounding of amounts

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

## 3. Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk, cash flow and fair value 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 Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

The investments of the Fund, and associated risks, are managed by the Investment Manager under an Investment Management Agreement (IMA) approved by the Responsible Entity and contains the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

### a. Market risk

#### i. Price risk

The Fund is exposed to price risk on debt securities. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

Price risk is managed by the Investment Manager, in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/-10%.

#### ii. Foreign exchange risk

The Fund operates internationally and holds monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk can be managed by the Investment Manager by entering into foreign exchange contracts to reduce any movement in exchange rates with respect to the Australian dollar.

The table below summarises the fair value of the Fund's financial assets and liabilities which are denominated in a currency other than the Australian dollar.

	US Dollars A\$
<b>As at 30 June 2025</b>	
Cash and cash equivalents	4,685
Receivables	3,190
Financial assets at fair value through profit or loss	7,432,839
<b>Net exposure</b>	<b>7,440,714</b>

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% against the material foreign currencies to which the Fund is exposed.

### 3. Financial risk management (continued)

#### a. Market risk (continued)

##### iii. Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial instruments expose them to risks associated with the effects of fluctuation in the prevailing market interest rate on its financial positions and cash flows. The impact of interest rate risk on the profit and net assets attributable to unit holders is considered immaterial to the Fund.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

#### b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to the 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 profit/net assets attributable to unit holders			
	Price risk		Foreign exchange risk	
	+10%	-10%	+10%	-10%
	\$	\$	\$	\$
<b>As at 30 June 2025</b>	<b>743,284</b>	<b>(743,284)</b>	<b>744,071</b>	<b>(744,071)</b>

#### 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 and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying of these balances as at the reporting date.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default, and loss given default. Management utilises both historical analysis of defaults, credit losses, and credit ratings, as well as forward-looking information, including macroeconomic forecasts and credit ratings outlook, in determining any expected credit loss. As of 30 June 2025, management evaluated historical data on defaults and expected credit losses (ECL) to assess the likelihood of future impairments, concluding that the risk remains low based on past trends. Additionally, management analysed the historical performance of counterparties; all receivables, amounts due from brokers, cash, and short-term deposits are held with counterparties with a credit rating of B or higher and are either callable on demand or due to be settled within one week. Management considers the probability of default to be close to zero, as these instruments have a low risk of default, and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses.

##### i. Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

##### ii. Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties (Apex Fund Services Pty Ltd) have a rating of B (as determined by Fitch) or higher.

##### iii. Other

The Fund is not materially exposed to credit risk on other financial assets.

##### iv. Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

### 3. Financial risk management (continued)

#### 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 or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by investing the majority of Fund assets into investments that can be readily disposed of.

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 2025.

#### i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

### 4. Fair value measurement

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

- Financial assets at fair value through profit or loss (see Note 5)

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

AASB 13 *Fair Value Measurement* 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 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

#### a. Quoted prices in active markets (Level 1)

The fair value of financial instruments traded in active markets (such as listed equity securities and property trust) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the last traded price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, 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 and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### b. Recognised fair value measurements

The table below presents the Fund's financial assets measured and recognised at fair value as at 30 June 2025.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 30 June 2025</b>				
<b>Financial assets</b>				
Listed equities securities	7,284,200	-	-	7,284,200
Listed property trust	148,639	-	-	148,639
<b>Total financial assets</b>	<b>7,432,839</b>	<b>-</b>	<b>-</b>	<b>7,432,839</b>

#### 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 values of cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

## 5. Financial assets at fair value through profit or loss

	As at 30 June 2025 \$
Listed equities securities	7,284,200
Listed property trust	148,639
<b>Total financial assets at fair value through profit or loss</b>	<b>7,432,839</b>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

## 6. Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

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

	For the period 7 March 2025 to 30 June 2025 Units	For the period 7 March 2025 to 30 June 2025 \$
Applications	675,000	7,108,253
Distributions paid and payable	-	(3,705)
Profit/(loss) for the period	-	331,421
<b>Closing balance</b>	<b>675,000</b>	<b>7,435,969</b>

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 in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on demand at the unit holder's option.

### Capital risk management

The Fund considers its net assets attributable to unit holders as capital which is classified as equity. 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.

## 7. Distributions to unit holders

The distributions declared during the year were as follows:

	For the period 7 March 2025 to 30 June 2025 \$	For the period 7 March 2025 to 30 June 2025 CPU
<b>Distributions</b>		
June (payable)	3,705	0.5489
<b>Total distributions</b>	<b>3,705</b>	<b>0.5489</b>

## 8. Cash and cash equivalents

	For the period 30 June 2025 \$
Cash at bank	5,373
<b>Total cash and cash equivalents</b>	<b>5,373</b>

## 9. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

### a. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	For the period 7 March 2025 to 30 June 2025 \$
Profit/(loss) for the period	331,421
Proceeds from sales of financial instruments at fair value through profit or loss	41,635
Payments for purchase of financial instruments at fair value through profit or loss	(7,146,878)
Net (gains)/losses on financial instruments at fair value through profit or loss	(327,596)
Net change in receivables	(3,248)
Net change in payables	1,786
Effect of foreign currency exchange rate changes on cash and cash equivalents	12
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(7,102,868)</b>

## 10. Receivables

	As at 30 June 2025 \$
Dividends and distributions receivable	3,178
GST receivable	70
<b>Total receivables</b>	<b>3,248</b>

## 11. Payables

	As at 30 June 2025 \$
Management fees payable	1,786
<b>Total payables</b>	<b>1,786</b>

## 12. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditors of the Fund:

	For the period 7 March 2025 to 30 June 2025 \$
<b>KPMG</b>	
<i>Audit and other assurance services</i>	
Audit of financial statements	12,500
<b>Total remuneration for audit and other assurance services</b>	<b>12,500</b>
<i>Taxation services</i>	
Tax compliance services	12,500
Other tax service	-
<b>Total remuneration for taxation services</b>	<b>12,500</b>
<b>Total remuneration of KPMG</b>	<b>25,000</b>

The auditor's remuneration is borne by the Manager and is not paid directly by the Fund.

### 13. Related party transactions

The Responsible Entity of ETFS US Quality ETF is ETF Shares Management Ltd (ABN 77 680 639 963) (AFSL 562766) whose ultimate holding company is ETF Shares Pty Ltd. Accordingly, transactions with entities related to ETF Shares Management Ltd are disclosed below.

#### a. Key management personnel

##### i. Directors

The Fund does not employ personnel in its own. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel of the Responsible Entity, during or since the end of the financial year are:

Name	Date of appointment
Graham Tuckwell	10 September 2024
Chi Ho (Cliff) Man	10 September 2024
David Tuckwell	10 September 2024

##### ii. Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

##### iii. Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial period.

#### b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

#### c. Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2025.

#### d. Key management personnel compensation

Key management personnel services are provided by ETF Shares Management Limited and included in the management fees disclosed in (g) below. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the 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 period and there were no material contracts involving management personnel's interests existing at period end.

#### g. Management fees and other transactions

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

	For the period 7 March 2025 to 30 June 2025 \$
Management fees for the period	2,747
Management fees payable at period end	1,786

Management fees are calculated and accrued daily. They are built into the Fund's Net Asset Value and unit prices. The management fee of 0.29% p.a. is deducted from the Fund's assets and paid to ETF Shares Management Ltd monthly in arrears.

### 13. Related party transactions (continued)

#### g. Management fees and other transactions (continued)

Indirect costs are paid out of each Fund's assets as and when incurred.

Any expenses normally incurred in operating each Fund are paid as and when they arise by ETF Shares Management Ltd out of the management fees and not from the assets of the Fund. Any extraordinary expenses are deducted from the Fund's assets as and when they arise. Refer to the Fund's Product Disclosure Statement for further information.

#### h. Related party unit holdings

All transactions with related parties are conducted on normal terms and conditions. From time to time the Responsible Entity, its director-related entities or key management personnel, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other unitholders of the fund.

The key management personnel held units in the Fund were as follows:

#### 30 June 2025

Number of units held opening	Number of units held closing	Fair value of investment AUD	Interest held (%)	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund AUD
-	600,888	6,619,562	89.02%	600,888	-	3,298

#### i. Investments

The Fund did not hold any investments in ETF Shares Management Ltd or its related parties during the period.

### 14. Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2025 or on the results and cash flows of the Fund for the period ended on that date.

### 15. Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2025.

### Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 5 to 21 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 2025 and of its performance for the financial period 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; and
- 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 ETF Shares Management Ltd through a delegated authority given by ETF Shares Management Ltd's Board.



Chi Ho (Cliff) Man  
Director

Sydney  
Date: 22 September 2025



# Independent Auditor's Report

To the unitholders of ETFS US Quality ETF

## Opinion

We have audited the **Financial Report** of ETFS US Quality ETF (the Fund).

In our opinion, the accompanying Financial Report of the Fund gives a true and fair view, including of the Fund's financial position as at 30 June 2025 and of its financial performance for the period since the date it was constituted being 7 March 2025 to 30 June 2025, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2025
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the period since the date it was constituted being 7 March 2025 to 30 June 2025
- Notes, including material accounting policies
- 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 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.

## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.



This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<b>Valuation and existence of financial assets at fair value through profit or loss</b>	
Refer to Note 5 Financial assets at fair value through profit or loss (\$7,432,839) in the Financial Report.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Financial assets at fair value through profit or loss comprise investments in listed equity securities (“investments”).</p> <p>The Fund outsources certain processes and controls relevant to:</p> <ul style="list-style-type: none"> <li>- Initiating and executing the purchase and sale of investments and recording and valuing of investments to the Fund administrator;</li> <li>- maintaining custody and underlying records of investments to the custodian.</li> </ul> <p>Valuation and existence of investments is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>- Size of the Fund’s portfolio of investments; and</li> <li>- Importance of the performance of these investments in driving the Fund’s investment income and capital performance.</li> </ul> <p>As a result, this was the area with the greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>- We assessed the appropriateness of the accounting policies applied by the Fund, including those relevant to the fair value of investments, against the requirements of the accounting standards.</li> <li>- We obtained and read the Fund’s administrator and custodian’s ISAE 3402 (Assurance Reports on Controls at a Service Organization) assurance reports for the period from 1 July 2024 to 30 June 2025 to understand the processes and assess controls relevant to the:               <ul style="list-style-type: none"> <li>• Custodian to maintain custody and underlying records of the Fund’s investments;</li> <li>• Fund administrator to initiate and execute the purchase and sale of and to record and value the Fund’s investments.</li> </ul> </li> <li>- We obtained and read the Fund’s administrator and custodian’s bridging letter over the period not covered by the ISAE 3402 assurance reports. We compared the processes and controls in the bridging letter for consistency with those in the ISAE 3402 assurance reports.</li> <li>- We assessed the reputation, professional competence and independence of the auditors of the ISAE 3402 assurance reports.</li> <li>- We checked the existence of investments, being the ownership and quantity held, to external custody reports as at 30 June 2025.</li> <li>- We checked the valuation of investments, as recorded in the general ledger, to independently sourced prices such as those from relevant stock exchanges as at 30 June 2025.</li> <li>- We evaluated the Fund’s disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.</li> </ul>



## Other Information

Other Information is financial and non-financial information in ETFS US Quality ETF's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of ETF Shares Management 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 the ETF Shares Management Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and that is free from material misstatement, whether due to fraud or error
- 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our Auditor's Report.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Andrew Reeves, written in black ink.

Andrew Reeves

*Partner*

Sydney

22 September 2025