



# Annual Report

For the year ended 30 June 2021

Raiz Invest Australia Fund, ARSN 607 533 022

*Invest & Save Confidently*



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## Directors' Report

The Directors of Instreet Investment Limited, (the "Responsible Entity"), the Responsible Entity of Raiz Invest Australia Fund ("the Scheme") present their report together with the financial report of the Scheme, for the period ended 30 June 2021 and the auditors' report thereon.

### Directors

The names of the Directors of Instreet Investment Limited, who were in office at any time during or since the end of the period, are as follows:

Mr David Robert Gordon	Director
Mr Ian Bruce Rae	Director
Mr George Simon Lucas	Managing Director

### Information on current Directors

Director	Special Responsibilities	Experience
Mr David Robert Gordon	Director	Over 30 years of professional and director level experience in financial, tax and business advisory. David has extensive experience in financial services advice, portfolio construction and managed investment schemes.
Mr Ian Bruce Rae	Director	Over 30 years of professional and director level experience in financial, tax and business advisory. Ian has extensive experience in portfolio construction, managed investment schemes, and ensuring structured and other financial products are relevant for individual portfolios.
Mr George Simon Lucas	Managing Director	Over 30 years industry experience in investment banking and funds management industries specialising in developing, managing and structuring financial products.

The offices of the Responsible Entity are located at Level 11, 2 Bulletin Place, Sydney, NSW 2000.

### Principal Activities

Raiz Invest Limited (Raiz) owns 100% of Instreet Investment Limited (Instreet) and 100% of Raiz Invest Australia Limited and was listed on the Australian Securities Exchange (ASX) on 22 June 2018. Raiz Invest Australia provides the promotor and administration services to manage the investments of the Scheme. Instreet is the Responsible Entity and holder of the Australian Financial Services License of the Raiz group of companies (Group).

Each member of the Scheme retains a beneficial interest in, and absolute entitlement to, the assets of their portfolio. As the assets of each portfolio are separately maintained and identified, it follows that investors have no interest in the assets as a whole. Great care should therefore be taken in the interpretation of the financial report enclosed herewith, which consolidates the individual holdings, essentially to meet the requirements of the Corporations Act 2001. There has been no change in the principal activity for this period.



## Directors' Report (continued)

### Scheme Information

Raiz Invest Australia Fund was established by execution of a Constitution and registration with the Australian Securities and Investments Commission on 20 August 2015, and these financial statements show the 30 June 2020 comparatives.

Raiz promotes the Scheme via a micro investing product that offers an easy way to regularly invest either small or large amounts of money using the App on your mobile phone or the Website. The minimum investment amount is \$5.00. Investments are held beneficially for account holders (subject to any fractional interests, which are pooled). On application, we establish one interest – one Raiz Investment Account – for each investor.

Money in a Raiz Investment Account is invested into a mix of ETFs quoted on the ASX and Bitcoin in accordance with one of seven different Portfolios selected by the investor (Selected Portfolio). Investors choose the Portfolio best suited to their own goals and financial circumstances. Raiz promotes and interacts with investors using a software application developed by Raiz Invest Australia. The value of an investors Raiz Investment Account will vary as the market value of the ETFs and Bitcoin comprising the Portfolio in which the investor has invested rises and falls.

### Scheme Assets

As at 30 June 2021, Raiz Invest Australia Fund held assets to a total value of \$811,815,120 (\$464,180,375 as at 30 June 2020). The basis for valuation of the assets is outlined in Note 2 to the Financial Statements.

### Impact of COVID-19 on Financial Results

The COVID-19 pandemic initially had a significant impact on member growth and funds under management growth in March 2020 however member growth and fund under management had quickly recovered and broke four consecutive quarterly records in 2021 financial year. More information on the financial impact arising from the COVID-19 pandemic on the financial result of the Group are discussed in the Group's financial statements.

### Significant Changes in the State of Affairs

During the financial year a new investment strategy was added, the Custom portfolio, the eighth portfolio (strategy) which allows Raiz users to create their own portfolio with 14 ETFs and Bitcoin (up to 5% for Bitcoin).

In April 2021 the threshold for fees taken from an investment account for the existing portfolios was increased from \$10,000 to \$15,000. For the Sapphire portfolio this threshold is zero dollars and for the Custom portfolio this threshold is \$20,000.

### Matters Subsequent to the End of the Financial Year

No other significant events have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of Raiz Invest Australia Fund, the results of those operations, or the state of affairs of Raiz Invest Australia Fund in subsequent financial years.

### Likely Developments and Expected Results of Operations

There are no developments that are likely to significantly affect the operation of the Scheme.



## Directors' Report (continued)

### Environmental Regulation and Performance

The operations of the Scheme are not subject to any particular or significant environmental regulation under a law of the Commonwealth of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

### Indemnification and Insurance of Directors, Officers and Auditors

The Responsible Entity has indemnified directors and officers of the company, including members of the Compliance Committee, for a period up to seven years after they cease to be an officer, for any actions that may arise as a result of acting in their capacity as directors and officers of the company in respect of: -

- a) Liability to third parties when acting in good faith; and
- b) Costs and expenses of defending legal proceedings and ancillary matters.

During the financial year, the Responsible Entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. No insurance premiums are paid out of the Scheme's assets in relation to insurance cover for the Responsible Entity, its officers and employees and the compliance committee.

The Scheme has not indemnified the auditor of the Scheme.

### Independence

A copy of the Auditor's Independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

### Proceedings on behalf of the Scheme

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Scheme, or to intervene in any proceedings to which the Scheme is a party for the purpose of taking responsibility on behalf of the Scheme for all or part of those proceedings.

Signed in accordance with a resolution of the directors of Instreet Investment Limited.

A handwritten signature in black ink, appearing to read "G. Lucas", written over a horizontal line.

George Simon Lucas

Director

Sydney

24 September 2021

**DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF INSTREET INVESTMENT LIMITED**

As lead auditor of Raiz Invest Australia Fund for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Tim Aman  
Director

**BDO Audit Pty Ltd**

Sydney, 24 September 2021



## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Investment income</b>			
Net realised and unrealised gain/(loss) on financial assets held at fair value through profit or loss – held for trading		101,198,559	(18,489,590)
Net gain/(loss) on inventory held at fair value through profit or loss		3,228,462	(17,850)
Dividend and distribution income		16,294,500	20,822,511
<b>Total investment income</b>		<b>120,721,521</b>	<b>2,315,071</b>
<b>Expenses</b>			
Bank charges		-	36
Charity donations		37,736	42,412
Fees paid to Raiz Invest Australia Limited	10	1,953,721	1,289,944
<b>Total operating expenses</b>		<b>1,991,457</b>	<b>1,332,392</b>
<b>Operating profit attributable to portfolio members</b>		<b>118,730,064</b>	<b>982,679</b>
<b>Increase in net assets attributable to portfolio members</b>		<b>(118,730,064)</b>	<b>(982,679)</b>
<b>Profit for the year</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income attributable to portfolio members</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for year</b>		<b>-</b>	<b>-</b>

This statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.



## Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	7,797,476	4,093,272
Receivables	5	4,634,451	6,335,601
Inventory held at fair value through profit or loss - Bitcoin	6	5,964,040	466,089
Financial assets held at fair value through profit or loss	7	793,419,153	453,285,413
<b>Total current assets</b>		<b>811,815,120</b>	<b>464,180,375</b>
<b>Total assets</b>		<b>811,815,120</b>	<b>464,180,375</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	8	184,536	113,807
<b>Total current liabilities</b>		<b>184,536</b>	<b>113,807</b>
<b>Total liabilities excluding net assets attributable to members</b>		<b>184,536</b>	<b>113,807</b>
<b>Net assets attributable to members</b>	9	<b>811,630,584</b>	<b>464,066,568</b>

This statement of financial position should be read in conjunction with the accompanying notes to the financial statements.



## Statement of Changes in Equity

For the period ended 30 June 2021

In accordance with AASB 132 'Financial Instruments: Presentation' 'net assets attributable to members' is classified as a liability rather than equity and hence no statement of changes in equity is presented.

Changes in net assets attributable to members are disclosed in Note 9.

This statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.



## Statement of Cash Flows

For the period ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Dividends and distributions received		17,995,650	18,079,854
Fees paid		(1,920,728)	(1,284,652)
<b>Net cash provided by operating activities</b>	11	<b>16,074,922</b>	<b>16,795,202</b>
<b>Cash flows from investing activities</b>			
Financial assets acquired	9	(275,060,010)	(210,105,160)
Inventory acquired – Bitcoin	9	(4,647,132)	(483,939)
Proceeds from sale of Investments	9	39,130,036	85,340,556
Proceeds from sale of Inventory (Bitcoin)	9	2,377,643	-
<b>Net cash used in investing activities</b>		<b>(238,199,463)</b>	<b>(125,248,543)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from applications by portfolio members		225,828,745	109,111,641
<b>Net cash provided by financing activities</b>		<b>225,828,745</b>	<b>109,111,641</b>
Net increase in cash and cash equivalents held		3,704,204	658,300
Cash and cash equivalents at beginning of year		4,093,272	3,434,972
<b>Cash and cash equivalent at end of year</b>	4	<b>7,797,476</b>	<b>4,093,272</b>

This statement of cash flows should be read in conjunction with the accompanying notes to the financial statements



# Notes to the Financial Statements

For the period ended 30 June 2021

## 1. Corporate Information

The financial report of Raiz Invest Australia Fund for the period ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 24 September 2021. The financial report is presented in the Australian currency. The Directors have the power to amend and reissue the financial report. Raiz Invest Australia Fund is an Australian Registered Scheme (ARSN 607 533 022) under the Corporations Act 2001, registered on 20 August 2015. The Scheme is a for profit entity. Instreet Investment Limited, Responsible Entity of the Scheme is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 11, 2 Bulletin Place, Sydney NSW 2000.

## 2. Summary of Significant Accounting Policies

The Scheme is non-unitised and operates as a number of separate individual bare trusts.

### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the Constitution.

Except where stated the financial report has been prepared on the basis of historical costs and does not take into account changing money values or current valuations of assets.

In accordance with the Corporations Act requirements, the investments, liabilities, income and expenses of the bare trusts have been aggregated for the purpose of producing this financial report.

### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards and with International Financial Reporting Standards ("IFRS") and interpretations, as issued by the International Accounting Standards Board (IASB).

#### Use of estimates and judgements

The preparation of the financial statement in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, revisions in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Note 2(c) Valuation of financial instruments contains information about the estimation of the values of financial instruments.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### (c) Financial Instruments

Classification, recognition/recognition and measurement

Financial Assets held at fair value through profit or loss.

Financial assets are measured at fair value. The fair values of quoted investments are based on current last traded prices.

Financial assets at fair value through profit or loss are held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit. Fair value movements are recognised in profit or loss.

Investments are classified as fair value through profit or loss and are valued at market value, based on the last available sale price on the Australian Stock Exchange, on approved foreign exchange or on other exchange, in accordance with the provisions of the Constitution, unless otherwise stated.

Subsequent to initial recognition, all instruments are held at fair value through profit or loss and are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income. Financial assets are recognised on trade date, which is the date that the entity commits itself to purchase or sell an asset.

Investments are derecognised when the right to receive cash flow from the investments have expired or the Scheme has transferred substantially all risk and rewards of ownership.

#### (d) Inventory - Bitcoin

Classification, recognition/recognition and measurement

Inventory is initially measured at cost and subsequently measured at fair value through profit or loss. The fair value of Bitcoin is based on a quoted price in United States dollars from a primary source being the Gemini Exchange and translated to Australian Dollars at the Bloomberg end of day exchange rate. The Responsible Entity considers this fair value to be a Level 1 input under the AASB 13 Fair Value Measurement fair value hierarchy as the price is the quoted price (unadjusted) in an active market for identical assets.

For the purpose of these accounts, Bitcoin is treated as Inventory as it is held for sale in the ordinary course of business. The Scheme has adopted the commodity broker-trader guidance per AASB 102 Inventories as it actively trades Bitcoin, purchasing with a view to resale in the near future and generating a profit from fluctuations in the price or traders' margin for members.

Subsequent to initial recognition, Bitcoin is held at fair value through profit or loss and is measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income. Bitcoin recognised on trade date, which is the date that the entity commits itself to purchase or sell an asset.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### (e) Investment Income

##### Dividend Income

Dividend income from investment in shares is brought to account as income on the Ex-dividend date applicable to each investment.

Income due and receivable at balance date is carried as a receivable. The net gains/losses do not include interest or dividend income.

The Scheme does not pay distributions. The issuers of the underlying ETFs which comprise the Portfolios may pay distributions from time to time. All distributions received by the Scheme in respect of an ETF Unit (or fraction of an ETF Unit) are automatically re-invested.

#### (f) Cash and cash equivalents

Cash in the statement of financial position comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

#### (g) Amounts Receivable on Settlement of Investments and Dividends

All unsettled sales are recognised as amounts receivable and they are due for settlement within 2 days.

All dividends receivable are due for settlement 5 business days after payment date.

#### (h) Payables

All unsettled purchases are due for settlement within 2 days.

Payables are carried at cost and represent liabilities for goods and services provided to the Scheme prior to the end of the financial year. Payables include outstanding settlements on the purchase of investments. Payables are normally satisfied within 30 days.

#### (i) Taxation

The Scheme is not a taxable entity. Each investor in the Scheme is the beneficial owner of investments within their portfolio and has responsibility for any taxable income relating to that portfolio as well as being entitled to any imputation or other credits applicable to investments held.

#### (j) Applications and withdrawals by Portfolio Holders

Applications by Portfolio Holders represent the aggregation of cash entering the Scheme as well as "Regular Saving" amounts.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### (k) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### (l) Expense Recognition

##### Responsible Entity's Fee

The Responsible Entity has charged asset management fees in accordance with the Constitution. The asset management fee is zero for accounts less than \$15,000 (this changed from \$10,000 in the 2020 financial year). An asset management fee of 0.275% pa on accounts greater than \$15,000 (moving from \$10,000 in the 2020 financial year) and is based on the average monthly value of investments. For the Sapphire portfolio this threshold is zero dollars and for the Custom portfolio this threshold is \$20,000.

##### Custodian's Fees

The Custodian Fees are not paid by the Scheme. The Custodian Fees are paid for by Raiz Invest Australia Limited.

##### Audit and Compliance Fees

Audit and compliance fees are not paid by the Scheme. The Audit and Compliance Fees are paid for by Raiz Invest Australia Limited.

##### Other reimbursable expenses

The Responsible Entity and Custodian are entitled, under the Constitution, to be reimbursed for certain expenses properly incurred in the running of the scheme. The basis on which the expenses are reimbursable is defined in the Constitution. All expenses are recognised in the profit or loss on an accrual basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 2. Summary of Significant Accounting Policies (continued)

#### (m) Derivative financial instruments

Raiz Invest Australia Fund may not invest in financial derivatives.

#### (n) Impact of Coronavirus (COVID-19) Pandemic

In preparing the financial statements, the Scheme has considered the impacts of COVID-19 on the Scheme's assets, liabilities and disclosures for the year ended 30 June 2021.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Scheme based on known information. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Scheme unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

The Scheme has not experienced any interruption to its operations.

#### (o) New or amended Accounting Standards and Interpretations adopted

The scheme has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the scheme:

Conceptual Framework for Financial Reporting (Conceptual Framework).

The scheme has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the scheme's financial statements.

#### (p) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the scheme for the annual reporting period ended 30 June 2021. The scheme has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 June 2021**

**3. Segment Information**

The Scheme operates in one industry segment and one geographical segment being the provision of funds management services in Australia.

	2021	2020
	\$	\$
<b>4. Cash and Cash Equivalents</b>		
Cash at bank	7,797,476	4,093,272
	<u>7,797,476</u>	<u>4,093,272</u>
<b>5. Receivables</b>		
Dividends receivable	4,634,451	6,335,601
	<u>4,634,451</u>	<u>6,335,601</u>
Receivables do not contain any financial assets which are past due their normal trading terms and conditions and are not considered to be impaired.		
<b>6. Inventory Held at Fair Value through Profit or Loss</b>		
<b>Bitcoin</b>		
Bitcoin quoted on the Gemini Exchange	5,964,040	466,089
	<u>5,964,040</u>	<u>466,089</u>
<b>7. Financial Assets Held at Fair Value through Profit or Loss</b>		
<b>Equities – Held for Trading</b>		
ETFs quoted on the Australian Securities Exchange	793,419,153	453,285,413
	<u>793,419,153</u>	<u>453,285,413</u>
<b>8. Payables</b>		
Payables	184,536	113,807
	<u>184,536</u>	<u>113,807</u>
<b>9. Net Assets Attributable to Portfolio Holders</b>		
Opening balance	464,066,568	353,972,248
Applications - ETF's	275,060,010	210,105,160
Applications - Bitcoin	4,647,132	483,939
Redemptions - ETF's	(39,130,036)	(85,340,556)
Redemptions - Bitcoin	(2,377,643)	-
Increase/(Decrease) in net assets attributable to portfolio holders	109,364,553	(15,154,223)
Closing balance	<u>811,630,584</u>	<u>464,066,568</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 June 2021

10. Related Party Information  
Responsible Entity

Instreet Investment Limited has been the Responsible Entity of the Scheme since 20 August 2015.

	2021	2020
<b>Responsible Entity's remuneration</b>	<b>\$</b>	<b>\$</b>
Responsible Entity fees	-	-
<b>Related Party</b>		
Fees paid/payable to Raiz Invest Australia Limited	1,953,721	1,289,944

**Key Management Personnel (KMP)**

The Scheme does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage its activities and the Directors of this entity are considered the KMP. The directors of the Responsible Entity Instreet Investment Limited are key management personnel of the responsible entity.

No compensation is paid directly by the Scheme to any of the key management personnel of the Responsible Entity.

11. Reconciliation of Net Cash Provided by Operating Activities to Net Operating Profit/(Loss)

	2021	2020
	<b>\$</b>	<b>\$</b>
Profit for the year	118,730,064	982,679
<i>Adjustments for</i>		
Unrealised (gains)/losses	(104,427,021)	18,507,440
<i>Changes in operating assets and liabilities</i>		
Increase in payables	70,729	47,740
Decrease/(Increase) in dividends receivable	1,701,150	(2,742,657)
Net cash provided by operating activities	<u>16,074,922</u>	<u>16,795,202</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 12. Financial Risk Management

#### a. Financial Risk Management Policies

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Scheme's financial instruments consist mainly of deposits with banks, financial assets at fair value through the profit and loss, receivables, payables, and financial liabilities. The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's Product Disclosure Statement ("PDS") and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by the management team of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity (the Board). This involves monitoring the external investment managers compliance with the PDS for the Scheme.

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and ratings analysis for credit risk.

#### i. Market Risk

##### (a) Price Risk

The Scheme is exposed to equity securities price risk to the extent of all equity type assets held on the statement of financial position. The risk includes loss of some or all capital, the assets may provide less income in the future or they may provide none. The risk arises from investments held by the Scheme and classified on the statement of financial position at fair value through profit or loss. This risk is mitigated by compliance with the Scheme's PDS and risk management techniques including diversification across sectors, tracking error analysis and adherence to mandate rules across the various portfolios. However, the managers do not intend to reduce or eliminate market risk through the use of futures contracts or short selling. The Scheme is not exposed to commodity price risk. The impact mainly arises from the reasonably possible change in the fair value of quoted exchange traded funds and Bitcoin and the fact that concentration of investments is in the Australian equities market.

##### (b) Foreign currency risk

The Scheme is exposed to fluctuations in foreign currencies because some of the Financial Assets and Inventory of the Scheme are exposed to foreign currency risk.

##### (c) Cash flow and fair value Interest Rate Risk

The Scheme's exposure to fair value interest rate risk arises because of exposure to financial instruments at fixed rates. The majority of mandates invest in equities and have low or nil exposure to fixed interest securities.

The Schemes exposure to cash flow interest rate risk arises from its exposure to financial instruments at variable rates which in the case of the Scheme is simply cash or cash equivalents and the level of cash in each individual mandate is determined by the investment manager and varies from a minimum of 2 percent to a maximum of 100 percent for cash mandate.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 12. Financial Risk Management (continued)

#### a. Financial Risk Management Policies (continued)

Compliance with the mandate models is checked weekly and reported to the compliance manager monthly. Therefore the Scheme's exposure to cash flow and fair value interest rate risk is low. The risk is demonstrated using sensitivity analysis in Note 12 (b).

#### ii. Credit risk

The Scheme is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. This exposure may arise from cash and cash equivalents and other receivables.

All transactions in listed and quoted securities are settled/paid for upon delivery using the Custodian. The risk of default is low, as delivery of securities sold is only made once the Custodian has received payment. No impairment was made at 30 June 2021 (\$Nil: 30 June 2020).

##### (a) Cash and cash equivalents

There was not considered to be any significant credit risk associated with cash and cash equivalents as all amounts are represented by deposits with Australian ADIs or international equivalent institutions. The Scheme did not have any material credit risk exposure to any single receivable or group receivables under financial instruments entered in by the Scheme.

In accordance with the Compliance policies and Plan, the Responsible Entity monitors the Scheme's credit position daily and reports to the Board and the Compliance Committee regularly.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any allowance for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

#### iii. Liquidity risk

The Scheme manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash levels are maintained. The Scheme did not have any borrowings as at 30 June 2021 (\$Nil: 30 June 2020). The Scheme was not unitised and therefore members have redemptions paid wholly in cash. All of the Scheme's assets are quoted securities and Bitcoin and are regarded as readily realisable because they are quoted on ASX or an appropriate liquid market in regards to Bitcoin.

#### iv. Fair Values Estimation

The carrying amounts of all the Scheme's financial assets and financial liabilities at the balance date approximated their fair values as all financial assets and liabilities not fair valued are short-term in nature.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance date.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 12. Financial Risk Management (continued)

#### a. Financial Risk Management Policies (continued)

##### v. Fair Values Hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows: The scheme measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant observable inputs. The category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments are required to reflect differences between the instruments.

All balance sheet items are held at fair value and are measured at Level 1 (quoted price) in the fair value measurement hierarchy.

#### b. Sensitivity Analysis

##### Market Price Risk:

The Scheme has performed a sensitivity analysis relating to its exposure market price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and net assets distributed to members which could result from a change in the market risk.

##### Market Price Sensitivity Analysis:

At 30 June 2021, the effect on profit and net assets as a result of 5% increase or decrease in the market price of equity investments, with all other variables remaining constant, would be \$39.842 million (\$22.686 million at 30 June 2020).

##### Foreign Exchange Rate Sensitivity Analysis:

The Scheme undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Scheme is exposed to fluctuations in foreign currencies because some of the Financial Assets and Inventory of the Scheme are exposed to foreign exchange risk.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2021

### 12. Financial Risk Management (continued)

#### Bitcoin Risk:

At 30 June 2021, the Scheme held 0.75% of the Schemes Financial Assets and Inventory in Bitcoin with a spot price of \$46,253. Bitcoin carries a lot of risk, not just market and price risk, with the possibility that sometime in the future Bitcoin may have no value. The historic volatility of Bitcoin at 76% p.a. can be significantly higher than financial assets like ETFs.

### 13. Capital Management

The Responsible Entity managed the net assets of the Scheme attributable to members as capital, notwithstanding net assets attributable to portfolio holders are classified as a liability, to ensure that the Scheme can fund its operations and continue as a going concern.

The Scheme's capital includes financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Scheme.

The Scheme had no debt, therefore the gearing ratio is nil at balance sheet date.

### 14. Events Occurring after the Reporting Period

No other significant events have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of Raiz Invest Australia Fund, the results of those operations, or the state of affairs of Raiz Invest Australia Fund in subsequent financial years.

### 15. Contingent assets and liabilities and commitments

There are no outstanding assets, liabilities or commitments as at 30 June 2021 (\$Nil: 30 June 2020).



## Directors' Declaration

For the period ended 30 June 2021

The directors of Instreet Investment Limited, the Responsible Entity of Raiz Invest Australia Fund declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, and accompanying notes are in accordance with the Corporations Act 2001 and:
  - a. Comply with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. Give a true and fair view of the Scheme's financial position as at 30 June 2021 and of its performance for the year ended on that date.
2. The Scheme has included an explicit and unreserved statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements.
3. In the directors' opinion, 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 Board of Directors of Instreet Investment Limited and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read "George Simon Lucas", written over a horizontal line.

George Simon Lucas

Director

Sydney

24 September 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Raiz Invest Australia Fund

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Raiz Invest Australia Fund (the Scheme), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Raiz Invest Australia Fund is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Scheme's financial position as at 30 June 2021, and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Scheme 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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 report.

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



### **Other information**

The directors of the Responsible Entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors of the Responsible Entity for the Financial Report**

The directors of the Responsible Entity 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 preparing the financial report, the directors are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

BDO

Tim Aman  
Director

Sydney, 24 September 2021

