BT Partner Australian Shares Growth 1

ARSN 102 760 663

Annual report - for the year ended 30 June 2020

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These financial statements cover BT Partner Australian Shares Growth 1 as an individual entity.

The Responsible Entity of BT Partner Australian Shares Growth 1 is BT Funds Management Limited (ABN 63 002 916 458). The Responsible Entity's registered office is Level 18, 275 Kent Street, Sydney, NSW 2000.

Directors' report

The directors of BT Funds Management Limited, the Responsible Entity of the BT Partner Australian Shares Growth 1 ("the Fund"), present their report together with the Fund's financial statements for the year ended 30 June 2020.

Principal activities

Up until December 2018, the Fund invested into the Advance Australian Equity Growth Fund ("Advance Fund"). The Advance Fund was terminated in December 2018 and the Fund currently invests directly into listed Australian equities in accordance with the provisions of the governing documents. Through these investments, the Fund was exposed to Australian equities.

The Fund did not have any employees during the year.

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

Directors

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

Lorraine Berends (resigned 10 July 2019)
Robin Burns (appointed 1 July 2019)
Douglas Carmichael (appointed 1 July 2020)
Michael Cottier
Melinda Howes
Jane Perry* (resigned 10 July 2020)
David Plumb
Katherine Vincent

*Leave of absence for personal reasons from 29 August 2019 and concluded on 24 November 2019.

Review and results of operations

During the year, unitholders who are related to the Responsible Entity fully redeemed their holding in the Fund as part of a restructure of their investments.

The directors and management continue to assess the potential financial and other impacts to the Fund of the actions taken to address the coronavirus (COVID-19) outbreak. The current high-level of uncertainty regarding the severity and length of the outbreak and the depth and duration of the associated effects on economic and business activity and on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

There have been no other significant changes to the Fund's operations since the previous financial year. The Fund continued to invest in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

Directors' report (continued)

Review and results of operations (continued)

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

	Year ended	
	30 June 2020	30 June 2019
Operating profit/(loss) before finance costs attributable to unitholders ($'000)	**9,901**	4,815
Distributions - wholesale class		
Distributions paid and payable ($'000)	**7,136**	2,866
Distributions (cents per unit)	**28.751**	6.160
Distributions - entry fee class		
Distributions paid and payable ($'000)	**3,758**	763
Distributions (cents per unit)	**32.334**	5.058

Fund performance

The table below presents the performance of the Fund's classes of units represented by the total annual return, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total annual return is shown for each of the past five years to 30 June 2020 and assumes that all distributions were re-invested during that period.

Wholesale class	**2020**	2019	2018	2017	2016
	%	%	%	%	%
Capital growth	**(7.67)**	1.74	1.91	10.96	(12.95)
Distribution of income	**18.66**	4.52	11.06	9.07	6.21
Total return	**10.99**	6.26	12.97	20.03	(6.74)
Entry fee class					
Capital growth	**(9.57)**	1.57	2.00	11.05	(12.95)
Distribution of income	**19.45**	3.36	9.82	7.79	5.20
Total return	**9.88**	4.93	11.82	18.84	(7.75)

Consistent with the statements in the governing documents of the Fund, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Directors' report (continued)

The key differences, if any, between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	As at	
	30 June 2020	30 June 2019
	$'000	$'000
Redemption value of outstanding units	**38,581**	80,590
Adjustment for differences in valuation inputs	**115**	215
Net assets attributable to unitholders	**38,696**	80,805

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 year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

(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

Management are currently reviewing the ongoing viability of the Fund post the large redemption that occurred during the year and the matter is scheduled to be considered by the Board in late September 2020.

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with 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.

At the date of signing there is a high level of uncertainty regarding the depth and duration of the impacts on global and domestic economies, business activity and investment market indices from actions taken to address the COVID-19 outbreak. The directors and management will continue to manage and monitor this situation.

Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Fund for insurance cover provided to the officers of the Responsible Entity.

Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 11 to the financial statements.

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

Directors' report (continued)

Fees paid to and interests held in the Fund by the Responsible Entity or its associates (continued)

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 11 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in note 7 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the balance sheet 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 a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *Australian Securities & Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 6.

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

Director

Director

Sydney
1 September 2020

pwc

Auditor's Independence Declaration

As lead auditor for the audit of BT Partner Australian Shares Growth 1 for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Darren Ross
Partner
PricewaterhouseCoopers

Sydney
1 September 2020

Statement of comprehensive income

	Notes	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000
Income			
Interest income		**9**	21
Dividend income		**1,405**	1,457
Distribution income		**52**	5,859
Net gains/(losses) on financial instruments held at fair value through profit or loss		**9,424**	(2,120)
Total income/(loss)		**10,890**	5,217
Expenses			
Responsible Entity's fees	11(d)	**829**	260
Transaction costs		**158**	140
Other operating expenses	5	**2**	2
Total operating expenses		**989**	402
Operating profit/(loss)		**9,901**	4,815
Finance costs attributable to unitholders			
Distributions to unitholders	8	**(10,894)**	(3,629)
(Increase)/decrease in net assets attributable to unitholders	7	**993**	(1,186)
Profit/(loss) for the year		**-**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**-**	-

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

Balance sheet

	Notes	As at 30 June 2020 $'000	30 June 2019 $'000
Assets			
Cash and cash equivalents	9	**447**	1,912
Accrued income		**62**	308
Receivables		**4**	7
Financial assets held at fair value through profit or loss	10	**44,023**	79,168
Total assets		**44,536**	81,395
Liabilities			
Distribution payable	8	**5,782**	481
Payables		**58**	109
Total liabilities (excluding net assets attributable to unitholders)		**5,840**	590
Net assets attributable to unitholders - liability	7	**38,696**	80,805

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Year ended	
	30 June 2020	30 June 2019
	$'000	$'000
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

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

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

Statement of cash flows

	Notes	Year ended 30 June 2020 $'000	30 June 2019 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**76,050**	114,215
Purchase of financial instruments held at fair value through profit or loss		**(31,481)**	(92,236)
Interest received		**9**	21
Dividends received		**1,636**	1,182
Distributions received		**67**	4,713
Other income received		**3**	-
Responsible Entity's fees received/(paid)		**(859)**	(117)
Transaction costs		**(158)**	(140)
Payment of other expenses		**(2)**	(14)
Net cash inflow/(outflow) from operating activities	13(a)	**45,265**	27,624
Cash flows from financing activities			
Proceeds from applications by unitholders		**2,813**	4,192
Payments for redemptions by unitholders		**(48,204)**	(28,221)
Distributions paid		**(1,339)**	(2,314)
Net cash inflow/(outflow) from financing activities		**(46,730)**	(26,343)
Net increase/(decrease) in cash and cash equivalents		**(1,465)**	1,281
Cash and cash equivalents at the beginning of the year		**1,912**	631
Cash and cash equivalents at the end of the year	9	**447**	1,912
Non-cash transactions	13(b)		

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

1 General information

These financial statements cover BT Partner Australian Shares Growth 1 ("the Fund") as an individual entity. The Fund was constituted on 6 November 2002.

The Responsible Entity of the Fund is BT Funds Management Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 18, 275 Kent Street, Sydney, NSW 2000. The financial statements are presented in Australian currency.

Up until December 2018, the Fund invested into the Advance Australian Equity Growth Fund ("Advance Fund"). The Advance Fund was terminated in December 2018 and the Fund currently invests directly into listed Australian equities in accordance with the provisions of the governing documents. Through these investments, the Fund was exposed to Australian equities.

The financial statements were authorised for issue by the directors of the Responsible Entity on 1 September 2020. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. The Fund is a for-profit unit trust 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 balance sheet 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 financial assets at fair value through profit or loss and net assets attributable to unitholders.

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 cannot be reliably determined at the end of the reporting period.

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

(i) Compliance with International Financial Reporting Standards

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Comparatives

Certain comparative figures have been restated to conform with the financial statement presentation adopted for the current year.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New and amended standards adopted by the Fund

Other than as noted below, there are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

Adoption of AASB 16 Leases ("AASB 16")

AASB 16 became effective for annual periods beginning on or after 1 January 2019. The adoption of this standard had no impact on the Fund's accounting policies nor the amounts recognised in the financial statements as the Fund does not hold leases.

(b) Financial instruments

(i) Recognition/derecognition

The Fund recognises financial instruments ("investments") on the date it becomes party to the contractual agreement and recognises changes in the value of the financial instruments from this date.

Financial assets are derecognised when the contractual right to cash flows from the investments has expired or has been transferred, and the Fund has transferred substantially all of the risks and rewards of ownership.

(ii) Classification

The Fund classifies its financial instruments based on its business model for managing its investments and their contractual cash flow characteristics. The Fund's investments are managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about the investments on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows are not solely principal and interest. Consequently, these investments are measured at fair value through profit or loss.

(iii) Measurement

At initial recognition, a financial asset is measured at fair value. Transaction costs associated with financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets 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 at fair value through profit or loss are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Refer to note 4 for further details on how the fair values of financial instruments are determined.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholder's option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of unitholders. The units are classified as financial liabilities as the Fund has more than one class of units.

A unitholder can redeem units at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value.

The units are carried at the redemption amount that is payable at the end of the reporting period if the unitholders were to exercise their right to redeem the units in the Fund.

2 Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank, deposits held at call with financial institutions and investments in cash management trusts.

Payments and receipts relating to the purchase and sale of financial assets are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(e) Accrued income

Accrued income may include amounts owed to the Fund for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued from the time of last payment. Amounts are generally received within 45 days of being recorded as receivables.

(f) Unsettled sales/purchases

Unsettled sales/purchases represent receivables for securities sold and/or payables for securities purchased that have been contracted for but not yet delivered by the end of the reporting period.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measures the loss allowance on unsettled sales/purchases 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 measures the loss allowance at an amount equal to 12-month expected credit losses. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

(g) Receivables

Receivables include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

(h) Payables

Payables include liabilities, accrued expenses and redemption monies owing by the Fund which are unpaid as at the end of the reporting period.

Where the Responsible Entity has attributed income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(i) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss as it accrues.

Dividend income is recognised on the ex-dividend date.

Trust distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

(j) Expenses

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

(k) Regulatory change expense recovery

Regulatory reforms have required the Responsible Entity to undertake significant programs of work in order to implement the reforms. The Responsible Entity is entitled to be reimbursed out of the Fund for the costs incurred in connection with implementing these regulatory reforms. Such costs are recognised in the statement of comprehensive income on an accruals basis.

2 Summary of significant accounting policies (continued)

(l) Transaction costs

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

(m) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes or distributes (as appropriate) the entirety of its taxable income to its unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be included in the Fund's taxable income for distribution/attribution, so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed or attributed to unitholders.

To the extent allowable by taxation legislation, the benefits of imputation credits and foreign tax paid are passed on to unitholders.

(n) Distributions

In accordance with the Fund's Constitution, the Fund distributes its distributable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(o) Increase/(decrease) in net assets attributable to unitholders

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

(p) Goods and Services Tax ("GST")

The GST incurred on the costs of various services provided to the Fund, such as management fees, has been passed onto the Fund. The Fund qualifies for RITC, hence fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(q) Classes of units

The Fund has the following classes of units:

- wholesale class
- entry fee class.

All classes of units are exposed to the same underlying pool of assets. The unit classes are differentiated by the entry fees and by the management fee structures as detailed in note 11.

(r) Use of estimates

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

For the majority of the financial instruments held, quoted market prices are readily available.

2 Summary of significant accounting policies (continued)

(r) Use of estimates (continued)

For certain other financial instruments, including unsettled sales and purchases and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

For more information on how fair value is calculated refer to note 4.

(s) New accounting standards and interpretations

A number of new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period. None of these are expected to have a material effect on the financial statements of the Fund.

(t) Rounding of amounts

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

3 Financial risk management

The Fund'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 Fund's overall risk management program focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment manager in accordance with board approved policies.

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

The investment manager mitigates these financial risks through diversification and a careful selection of securities and other financial instruments within specified limits.

The Fund's performance exceptions to its benchmark are reported to the board/board delegated committee on a regular basis.

The directors and management continue to assess the potential financial and other impacts to the Fund of the actions taken to address the coronavirus (COVID-19) outbreak. The current high-level of uncertainty regarding the severity and length of the outbreak and the depth and duration of the associated effects on economic and business activity and on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing there is a high level of uncertainty regarding the depth and duration of the impacts on global and domestic economies, business activity and investment market indices from actions taken to address the COVID-19 outbreak. The directors and management will continue to manage and monitor this situation.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

Price risk arises on investments held for which prices in the future are uncertain. These are classified in the balance sheet as at fair value through profit or loss. All security investments present a risk of loss of capital.

Exceptions to compliance are reported to the board/board delegated committee on a regular basis.

The table presented in note 3(b) summarises sensitivity analysis to price risk.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates 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.

The Fund does not hold any monetary assets denominated in currencies other than the Australian dollar as at 30 June 2020 and 30 June 2019.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets.

The Fund does not have any significant direct exposure to interest rate risk.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to price risk. The analysis is based on reasonably possible movements in the risk variables applied to the Fund's net assets. The reasonably possible movements in the risk variables have been determined based on management estimates, having regard to a number of factors including historical levels of changes in market indices, security prices and/or benchmark returns, interest rates and foreign exchange rates. However actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

The reasonably possible movements in the risk variables are based on long term averages consistent with the investing profile of the Fund. Though there have been significant movements in the year as a result of COVID-19, the long term reasonably possible movements have remained consistent.

	Impact on operating profit/(loss)/Net assets attributable to unitholders	
	Price risk	
	-15% (2019: -15%)	**+15%** (2019: +15%)
As at	**$'000**	**$'000**
30 June 2020	**(6,603)**	**6,603**
30 June 2019	(11,875)	11,875

In determining the impact of an increase/(decrease) in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information.

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers.

The assets of the Fund are not impaired.

3 Financial risk management (continued)

(c) Credit risk (continued)

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 consider both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these financial assets 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 as any such impairment would be insignificant to the Fund.

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

Concentrations of direct credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

Exceptions to compliance are reported to the board/board delegated committee on a regular basis.

There were no significant direct concentrations of credit risk to counterparties as at 30 June 2020 or 30 June 2019.

(d) Liquidity risk

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

The Fund is exposed to daily cash redemptions of redeemable units. The liquidity risk associated with the need to meet redemption requests is mitigated by maintaining adequate liquidity to fulfil usual redemption volumes. The Fund therefore primarily holds investments that are traded in an active market and can be disposed of readily. Only a limited proportion of its assets are not traded on an active market.

The risk management guidelines adopted are designed to minimise liquidity risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty.

Exceptions to the above are reported to the board/board delegated committee on a regular basis.

(i) Maturities of non-derivative financial liabilities

The non-derivative financial liabilities of the Fund comprise distribution payable, unsettled purchases, payables and net assets attributable to unitholders. These have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are redeemable at the unitholder's option, however, as permitted under the governing documents, management may decide to delay payment of the redemption amount if it is in the best interests of unitholders.

4 Fair value measurement

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value 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), or
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments are valued in accordance with the accounting policies set out in note 2 to the financial statements.

(a) Fair value in an active market (level 1)

For the majority of financial assets, information provided by independent pricing services is relied upon for valuation. Fair value inputs utilise the last traded prices for financial assets.

Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

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.

(i) Recognised fair value measurements

The following table presents the financial assets measured and recognised at fair value by fair value hierarchy levels:

As at 30 June 2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets held at fair value through profit or loss:				
Equity securities	**44,023**	**-**	**-**	**44,023**
Total	**44,023**	**-**	**-**	**44,023**

There were no financial liabilities measured and recognised at fair value as at 30 June 2020.

As at 30 June 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets held at fair value through profit or loss:				
Equity securities	79,168	-	-	79,168
Total	79,168	-	-	79,168

There were no financial liabilities measured and recognised at fair value as at 30 June 2019.

Transfers into and transfers out of the fair value hierarchy levels are recognised at the end of the reporting period.

4 Fair value measurement (continued)

(ii) Transfers between levels

There were no transfers between levels as at 30 June 2020 or 30 June 2019.

(b) Fair values of non-financial instruments

Due to their short-term nature, the carrying value of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unitholders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material as at 30 June 2020 or 30 June 2019.

5 Other operating expenses

	Year ended	
	30 June 2020	30 June 2019
	$'000	$'000
Regulatory change expense recovery	**2**	2
Total other operating expenses	**2**	2

6 Remuneration of auditors

	Year ended	
	30 June 2020	30 June 2019
	$	$
Audit and other assurance services		
Audit of financial statements	**15,614**	19,233
Other services*	**1,394**	1,347
Total remuneration for audit and other assurance services	**17,008**	20,580

* Other services include compliance plan audit and controls reporting.

Audit fees were paid by the Responsible Entity for the years ended 30 June 2020 and 30 June 2019.

7 Net assets attributable to unitholders

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

	30 June 2020 No. '000	30 June 2019 No. '000	**30 June 2020 $'000**	30 June 2019 $'000
Wholesale class				
Opening balance	**37,715**	48,011	**56,878**	70,961
Applications	**1,359**	10,104	**2,127**	14,756
Redemptions	**(26,338)**	(24,635)	**(42,456)**	(35,788)
Units issued upon reinvestment of distributions	**2,527**	4,235	**4,081**	6,134
Increase/(decrease) in net assets attributable to unitholders	**-**	-	**642**	815
Closing balance	**15,263**	37,715	**21,272**	56,878
Entry fee class				
Opening balance	**14,376**	15,021	**23,927**	24,564
Applications	**394**	268	**686**	434
Redemptions	**(3,292)**	(2,144)	**(5,727)**	(3,417)
Units issued upon reinvestment of distributions	**100**	1,231	**173**	1,975
Increase/(decrease) in net assets attributable to unitholders	**-**	-	**(1,635)**	371
Closing balance	**11,578**	14,376	**17,424**	23,927
Total net assets attributable to unitholders			**38,696**	80,805

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are two classes of unitholders in the Fund being wholesale and entry fee.

(a) Capital risk management

Management manages the Fund's net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Management monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. In the event of a significant redemption, as permitted under the governing documents, management may decide to pay a special distribution and/or may delay payment of the redemption amount.

(b) Realised capital losses

At the end of the reporting period, the Fund had realised capital losses of $Nil (2019: $3,432,000) available to offset against future net capital gains.

Net realised capital losses are not finalised for taxation purposes, are unaudited and may change due to calculation adjustment, denial, offset or recoupment.

8 Distributions to unitholders

	Year ended			
	30 June 2020 $'000	**30 June 2020 CPU**	30 June 2019 $'000	30 June 2019 CPU
Wholesale class				
Distributions paid				
- 30 September	**282**	**0.770**	1,012	2.070
- 31 December	**342**	**1.000**	1,326	2.760
- 17 January	**4,328**	**12.690**	-	-
- 31 March	**32**	**0.190**	136	0.290
Distribution payable				
- 30 June	**2,152**	**14.101**	392	1.040
	7,136	**28.751**	2,866	6.160
Entry fee class				
Distributions paid				
- 30 September	**51**	**0.370**	278	1.810
- 31 December	**77**	**0.610**	396	2.630
Distribution payable				
- 30 June	**3,630**	**31.354**	89	0.618
	3,758	**32.334**	763	5.058
Total distributions	**10,894**		3,629	

9 Cash and cash equivalents

	As at	
	30 June 2020 $'000	30 June 2019 $'000
Cash at bank	**447**	1,912
Total cash and cash equivalents	**447**	1,912

10 Financial assets held at fair value through profit or loss

	As at	
	30 June 2020 Fair value $'000	30 June 2019 Fair value $'000
Financial assets held at fair value through profit or loss		
Equity securities	**44,023**	79,168
Total financial assets held at fair value through profit or loss	**44,023**	79,168
Equity securities		
Australian equity securities listed on a prescribed stock exchange	**44,023**	79,168
Total equity securities	**44,023**	79,168
Total financial assets held at fair value through profit or loss	**44,023**	79,168

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.

11 Related party transactions

(a) Responsible Entity

The Responsible Entity of the Fund is BT Funds Management Limited (ABN 63 002 916 458), a wholly owned subsidiary of Westpac Financial Services Group Ltd (ABN 50 000 326 312). The ultimate parent entity is Westpac Banking Corporation (ABN 33 007 457 141). The registered office of the Responsible Entity and the Fund is Level 18, 275 Kent Street, Sydney, NSW 2000.

(b) Directors

The directors of BT Funds Management Limited during the financial year or since the end of the year and up to the date of this report were as follows:

Lorraine Berends (resigned 10 July 2019)
Robin Burns (appointed 1 July 2019)
Douglas Carmichael (appointed 1 July 2020)
Michael Cottier
Melinda Howes
Jane Perry* (resigned 10 July 2020)
David Plumb
Katherine Vincent

*Leave of absence for personal reasons from 29 August 2019 and concluded on 24 November 2019.

11 Related party transactions (continued)

(c) Other key management personnel

Name	Position	Employer
Alastair Welsh*	Acting Chief Executive, Business	Westpac Banking Corporation
Guilherme De Menezes Lima**	Chief Executive, Business	Westpac Banking Corporation
Jason Yetton**	Chief Executive, Specialist Businesses	Westpac Banking Corporation

* Alastair Welsh was no longer classified as key management personnel when Guilherme De Menezes Lima was appointed Chief Executive, Business effective 2 December 2019.

** Guilherme De Menezes Lima was no longer classified as key management personnel when Jason Yetton was appointed Chief Executive, Specialist Businesses effective 18 May 2020 due to a change in the structure of Westpac Banking Corporation.

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

(d) Responsible Entity's/manager's fees and other transactions

For the year ended 30 June 2020, in accordance with the Fund's governing documents, the Fund incurred a total management fee (inclusive of GST, net of RITC available to the Fund) as follows:

(i) Wholesale class: 0.89% per annum (2019: 0.89%),

(ii) Entry fee class: 1.95% per annum (2019: 1.95%).

The Responsible Entity is entitled to be reimbursed out of the Fund for the costs it has incurred in connection with implementing regulatory reforms. A regulatory change expense recovery has been reimbursed out of the Fund.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register are fully borne by the Responsible Entity.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable/(receivable) at the end of each reporting period between the Fund and the Responsible Entity were as follows:

	30 June 2020 $'000	30 June 2019 $'000
Management fees incurred by the Fund	**829**	260
Regulatory change expense recovery incurred by the Fund	**2**	2
Aggregate amounts payable/(receivable) to/(from) the Responsible Entity at the end of the reporting period	**51**	81

11 Related party transactions (continued)

(e) Related party unitholdings

Parties related to the Fund (including the Responsible Entity, its related parties and other funds managed by the Responsible Entity) held units in the Fund as follows:

30 June 2020

Unitholder	Number of units held opening 000's Units	Number of units held closing 000's Units	Interest held %	Number of units acquired 000's Units	Number of units disposed 000's Units	Distributions paid/payable by the Fund $'000
Retirement Wrap	**11,933**	**-**	**-**	**2,153**	**(14,086)**	**1,753**
Westpac Life Insurance Services Limited	**4,928**	**-**	**-**	**576**	**(5,504)**	**695**
Total	**16,861**	**-**	**-**	**2,729**	**(19,590)**	**2,448**

30 June 2019

Unitholder	Number of units held opening 000's Units	Number of units held closing 000's Units	Interest held %	Number of units acquired 000's Units	Number of units disposed 000's Units	Distributions paid/payable by the Fund $'000
Retirement Wrap	11,742	11,933	22.30	3,002	(2,811)	758
Westpac Life Insurance Services Limited	4,875	4,928	9.21	859	(806)	315
Total	16,617	16,861	31.51	3,861	(3,617)	1,073

Other funds related to the Responsible Entity hold units in the Fund but these funds do not meet the definition of related parties under the Australian Accounting Standards and as such unitholdings are not required to be disclosed.

(f) Transactions with key management personnel

Key management personnel services are provided by BT Funds Management Limited and included in the management fees disclosed in (d) above. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

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.

Key management personnel unitholdings

At 30 June 2020 no key management personnel held units in the Fund (2019: Nil).

11 Related party transactions (continued)

(g) Investments

The Fund held the following investments including funds which are also managed by the Responsible Entity or its related parties (2020: $Nil):

30 June 2019

	Fair value of investment	Interest held	Distributions received/ receivable	Units acquired during the year	Units disposed during the year
	$'000	%	$'000	000's Units	000's Units
Advance Australian Equity Growth Fund	-	-	5,826	6,411	(86,666)

(h) Other transactions within the Fund

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

12 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Fund's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Fund applies the Investment Entity Exemption available under AASB 10 *Consolidated Financial Statements* and therefore does not consolidate its controlled entities. In other cases it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in unlisted trusts. The nature and extent of the Fund's interests in structured entities are summarised in notes 9 and 10. Income earned and realised and unrealised gains/(losses) from structured entity investments are disclosed within the statement of comprehensive income.

During the year ended 30 June 2020 total net gains/(losses) incurred on investments in structured entities were $Nil (2019: ($7,575,000)).

The Fund has exposures to unconsolidated structured entities through its investment activities. The Fund's maximum exposure to loss is restricted to the carrying value of the asset.

The Fund's overall risk management program focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The risks associated with the investments are referred to in note 3.

During the year the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund's investment strategy entails investments in other funds on a regular basis. The Fund intends to continue investing in other funds.

As at 30 June 2020, there were no capital commitment obligations other than what is in unsettled sales or unsettled purchases in the balance sheet (2019: $Nil).

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

	Year ended	
	30 June 2020	30 June 2019
	$'000	$'000
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	**9,901**	4,815
Proceeds from sale of financial instruments held at fair value through profit or loss	**76,050**	114,215
Purchase of financial instruments held at fair value through profit or loss	**(31,481)**	(92,236)
Net (gains)/losses on financial instruments held at fair value through profit or loss	**(9,424)**	2,120
Income reinvested	**-**	(6,186)
Net change in accrued income and receivables	**249**	4,820
Net change in payables	**(30)**	76
Net cash inflow/(outflow) from operating activities	**45,265**	27,624

(b) Non-cash transactions		
Distribution payments satisfied by the issue of units under the distribution reinvestment plan	**4,254**	8,109
Applications received as non-cash contributions	**-**	10,998
Redemptions settled as non-cash withdrawals	**-**	(10,998)
Sales received as non-cash proceeds	**-**	(84,006)
Purchases settled as non-cash purchases	**-**	84,006

14 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2020 or on the results and cash flows of the Fund for the year ended on that date.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2020 and 30 June 2019.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 7 to 26 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with 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 2020 and of its performance for the financial year ended on that date,

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and

(c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Director

Director

Sydney
1 September 2020

Independent auditor's report

To the unitholders of BT Partner Australian Shares Growth 1

Our opinion

In our opinion:

The accompanying financial report of BT Partner Australian Shares Growth 1 (the Fund) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2020
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

We are independent of the Fund in accordance with the auditor independence requirements of 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.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2020, including the directors' report, but does not include the financial report and our auditor's report thereon.

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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 identified above 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 of the Fund 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 of the Responsible Entity 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 of the Responsible Entity are responsible for assessing the ability of the Fund 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 of the Responsible Entity 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 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 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Darren Ross
Partner

Sydney
1 September 2020