

**XPLORE MANAGED ACCOUNT
(FORMERLY LINEAR MANAGED ACCOUNTS)**

ARSN 128 111 857

ANNUAL FINANCIAL REPORT
for the year ended 30 June 2020

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DIRECTORS' REPORT

The Directors of Responsible Entity Partners Limited (ACN 119 757 596), the Responsible Entity of Xplore Managed Account, present their report together with the financial statements for Xplore Managed Account ("the Scheme") for the year ended 30 June 2020.

RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Scheme is Level 9, 287 Collins Street, Melbourne VIC 3000.

DIRECTORS

The following persons held office as directors of the Responsible Entity for the period 1 July 2019 to the date of this report:

Director	Date appointed	Date resigned
Michael John Terlet AO (Chair)	1 October 2017	-
Ronald Peter Beard	23 October 2013	-
Fiona McNabb	28 September 2016	-
Stephen Miller	1 October 2017	25 February 2020
Andrew Peterson	20 March 2018	-

PRINCIPAL ACTIVITIES

Xplore Managed Account is a registered managed investment scheme domiciled in Australia, which operates as an investor directed portfolio-like service and invests in a broad range of managed and direct investments.

The Responsible Entity has appointed JP Morgan Nominees Australia Pty Ltd as external custodian to hold all assets of the Scheme and the Responsible Entity ensures the assets are segregated in the books maintained for the Scheme. Under the Constitution of the Scheme, each member accepted into the Scheme has absolute entitlement and beneficial ownership of the assets and income in their account. The Responsible Entity treats each account as a separate trust it holds for each member and administers each member's account by the instructions of that member. All fees, costs, expenses and other liabilities are charged directly to investors' accounts for accounting and tax purposes.

Investment Managers, who either construct or provide advice to the Responsible Entity on the construction of the Model Portfolios, are listed in the Investment Menu.

The Scheme did not have any employees during the year.

There has been no significant change to those activities during the year.

REVIEW AND RESULTS OF OPERATION

Due to the nature of the Scheme, whereby Investors have their specific allocation of investments, the results of each investor are reported individually.

During the period, the Scheme was offered to investors as an investment platform. Investors were able to gain an indirect interest in investments they chose from a selected investment menu, ranging from ASX listed securities to professionally managed model portfolio mandates and managed funds. The services provided to investors included transactional services, administration and reporting on the investments selected by investors under the governing documents of the Scheme.

DISTRIBUTIONS

No distributions were made from the Scheme during the year.

SIGNIFICANT CHANGES

In the opinion of the Responsible Entity, there were no significant changes in the affairs of the Scheme during the financial year.

INTERESTS OF THE RESPONSIBLE ENTITY

Information about fees paid to Responsible Entity Partners Limited and its associates out of Scheme property and their holdings is contained in the financial statements.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no significant events to report which would impact on the financial position of the Scheme as disclosed in the statement of financial position as at 30 June 2020 or on the results and cash flows of the Scheme for the year ended on that date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Scheme will continue to be managed by the investment objectives and guidelines as set out in the governing documents of the Scheme and under the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by several factors, including the performance of investment markets in which the Scheme 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.

ENVIRONMENTAL REGULATION

The operations of the Scheme are not subject to significant environmental regulations under a Commonwealth, State or Territory law.

PROCEEDINGS ON BEHALF OF SCHEME

No person has applied for leave of Court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Scheme is a party to take responsibility on behalf of the Scheme for all or any part of those proceedings. The Scheme was not a party to such proceedings during the period.

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS OR AUDITORS

Under the Scheme Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights to the Scheme.

The Scheme has not indemnified any auditor of the Scheme.

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

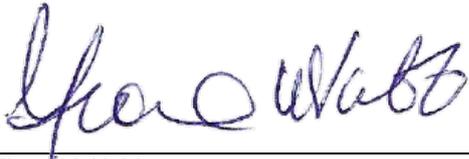
Amounts in the Directors' Report have been rounded to the nearest thousand dollars under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* unless otherwise indicated.

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

A copy of the Lead Auditor's Independence Declaration under section 307C of *the Corporations Act 2001* is set out on page 6 and forms part of the Directors' Report for the year ended 30 June 2020.

Signed by a resolution of the directors of the Responsible Entity:

RESPONSIBLE ENTITY PARTNERS LIMITED

A handwritten signature in blue ink, appearing to read 'Fiona McNabb', is written over a horizontal line.

Fiona McNabb
Independent Director

30 September 2020



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DECLARATION OF INDEPENDENCE BY JAMES DIXON TO THE DIRECTORS OF RESPONSIBLE ENTITY PARTNERS LIMITED AS THE RESPONSIBLE ENTITY FOR XPLORE MANAGED ACCOUNT

As lead auditor of Xplore Managed Account for the year ended 30 June 2020, 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.

A handwritten signature in blue ink, appearing to read 'James Dixon', is written over a light blue horizontal line.

James Dixon
Director

BDO Audit Pty Ltd

Melbourne, 30 September 2020

Xplore Managed Account (Formerly Linear Managed Accounts)
Statement of Comprehensive Income
for the year ended 30 June 2020

STATEMENT OF COMPREHENSIVE INCOME

	Note	30 June 2020 \$'000	30 June 2019 \$'000
Interest	3	8,716	6,082
Dividends	4	23,279	32,611
Distribution income	4	22,825	36,837
Net income from financial instruments at fair value through profit or loss	5	59,701	146,854
Other income		208	396
Total revenue		114,729	222,780
Administration fees	14	-	-
Performance fees	14	412	-
Investment management fees	14	11,579	11,175
Fees method	14	-	1,567
Responsible entity fees	14	3,602	3,446
Other operating expenses	16	6,304	5,096
Total operating expenses		21,897	21,284
Net profit before finance costs		92,832	201,496
Finance costs attributable to unitholders		-	-
Distribution to unitholders		-	-
Net profit		92,832	201,496
Increase in net assets attributable to investors		(92,832)	(201,496)
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Changes in Net assets attributable to unitholders		-	-

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

Xplore Managed Account (Formerly Linear Managed Accounts)
Statement of Financial Position
for the year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30 June 2020 \$'000	30 June 2019 \$'000
Cash and cash equivalents	8	274,175	214,191
Trade and other receivables	9	35,864	17,930
Financial assets at fair value through profit and loss	10	1,951,672	1,873,568
Total assets		2,261,711	2,105,689
Trade and other payables	11	3,177	2,743
Financial liabilities at fair value through profit and loss		-	-
Total liabilities (excluding net assets attributable to investors)		3,177	2,743
Net Assets attributable to investors - liability		2,258,534	2,102,946

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

Xplore Managed Account (Formerly Linear Managed Accounts)
Statement of Changes in Equity
for the year ended 30 June 2020

STATEMENT OF CHANGES IN EQUITY

	<i>Note</i>	30 June 2020 \$'000	30 June 2019 \$'000
Opening balance		-	-
Total comprehensive income		-	-
Closing balance		-	-

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 Financial Instruments: Presentation. As the Fund has no equity, the Fund has not presented any items of changes in equity for the current or comparative year.

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

Xplore Managed Account (Formerly Linear Managed Accounts)
Statement of Cash Flows
for the year ended 30 June 2020

STATEMENT OF CASH FLOWS

	<i>Note</i>	30 June 2020 \$'000	30 June 2019 \$'000
Cash flows from operating activities			
Purchase of financial instruments at fair value through profit or loss		(1,051,881)	(1,283,863)
Proceeds from the sale of financial instruments at fair value through profit or loss		988,614	1,195,628
Interest received		8,663	6,060
Dividends and distributions received		50,963	59,812
Other income received		208	397
Operating expenses paid		(21,810)	(19,571)
Net cash from/ (used in) operating activities	15	(25,243)	(41,537)
Cash flow from financing activities			
Investor applications	6	752,730	371,226
Investor redemptions	6	(667,503)	(303,267)
Net cash from/ (used in) financing activities		85,227	67,959
Net increase/(decrease) in cash and cash equivalents		59,984	26,422
Cash and cash equivalents at beginning of the financial year		214,191	187,769
Cash and cash equivalents at end of the financial year	8	274,175	214,191

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

These financial statements cover Xplore Managed Account (the "Scheme") as an individual entity.

The responsible entity of the Scheme is Responsible Entity Partners Limited (the "Responsible Entity"). The responsible entity's registered office is level 9, 287 Collins Street, Melbourne VIC 3000. The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity on 30 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 in the following text.

a) Basis of preparation

The financial statements are general purpose and have been prepared under Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Scheme comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

These financial statements are prepared based on fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for some investments in financial assets and Investors balances.

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

In the case of investor accounts, the balances are redeemed on-demand at the investor's option. However, Investors typically retain the investment for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Rounding of amounts

The Scheme is an entity of the kind referred to in *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.

(ii) New and amended standards adopted by the Scheme

Certain accounting standards and interpretations became effective for annual periods beginning on or after 1 July 2019. The Directors' assessment and impact of these new standards (to the extent relevant to the Scheme) and interpretations are set out on the following page:

There were no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that has a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

b) New standards and interpretations not yet adopted

Several new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 July 2020 and have not been early adopted in preparing these financial statements. None of these is expected to have a material effect on the financial statements of the Scheme.

c) Financial instruments

The Scheme's investments are classified as at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. They include investments in fixed interest securities, equity instruments and units in managed funds.

(i) Classification

Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis under a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

The Responsible Entity has determined the Scheme's investment portfolio satisfies criteria to be recognised as financial assets at fair value through profit and loss.

Fair values of specific asset classes are measured as follows:

- (a) unit trust and managed fund investments by reference to the unit redemption price at the reporting date;
- (b) shares in listed companies by reference to the relevant market quotations at the reporting date;

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

(ii) Recognition

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed in profit or loss immediately. Financial instruments are classified and measured as set out below.

(iii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

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

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

d) Offsetting

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

Income and expenses are presented on a net basis only when permitted under the AASB, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit and loss.

e) Cash and cash equivalents

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

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

f) Distributions

Distributions to Investors occur throughout the year. The value of Investor Accounts includes the income received and/or revaluations taken up in profit or loss.

g) Income tax

Under current legislation, the Scheme is not subject to income tax provided it attributes the entirety of its taxable income to its Investors.

h) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Non-monetary items that are measured at fair value in the foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis with net gains/(losses) on financial instruments at fair value through profit or loss.

i) Investment income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accrual's basis.

Dividends income is recognised in the statement of comprehensive income when the Scheme's right to receive payments is established being the ex-dividend date, with any foreign withholding tax recorded as an expense.

Distribution income from unlisted unit trusts is recognised in the statement of comprehensive income when the Scheme's right to receive the payments is established being the distribution date.

j) Expenses

All expenses, including responsible entity's fees, are recognised in the statement of comprehensive income on an accrual's basis.

The Responsible Entity is entitled under the Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursed is defined in the Constitution. The amount reimbursed is recognised in the Profit or Loss and is calculated under the Constitution.

Under the Constitution and PDS, the Responsible Entity receives a management fee as the Single Responsible Entity.

As Custodian of the Scheme, JP Morgan receives a fee for its services. This fee is paid by the Responsible Entity from its management fee, not directly by the Scheme.

k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payable for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date and normally settled within two business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Scheme will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default on payments.

l) Investor's accounts

Investors in the Scheme have the right to request to redeem funds from their Investor Account. Payment of redemptions may be made in cash or via a transfer of investments in-specie and are dependent on the liquidity of investor's specific investments. This right to redeem gives rise to Investors being classified as a financial liability.

m) Goods and services tax (GST)

The GST incurred on the costs of various services provided by third parties such as responsible entity fees and other expenses have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC), hence responsible entity 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 statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

n) Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at the end of the reporting date.

o) Receivables

Receivables may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of the last payment under the policy set out in Note 2(i) on the previous page.

Amounts are generally received with 30 days of being recorded as receivables.

p) Critical accounting estimates and judgements

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

For more information on how fair value is calculated, please see Note 13 to the financial statements.

q) Applications and Redemptions

Applications for investment in the Xplore Managed Account can only be made via the online Application Form which must be completed via the Xplore Portal (with assistance from a financial adviser), printed, signed and sent to the Administrator with the required documents for applicable identification. Applications will not be accepted unless accompanied by an original signed Application Form.

A withdrawal can be requested at any time by providing an online Account Instruction via the Xplore Portal. Payment can be made in the following ways:

- a cash withdrawal as a direct deposit to a nominated bank account or financial institution;
- an In-specie Transfer; or
- a combination of an In-specie Transfer and cash/direct deposit.

r) Comparative Disclosures

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current year's presentation. Such reclassifications/amendments have not affected total comprehensive income for the year or net assets attributable to unitholders.

3. INTEREST INCOME

	30 June 2020	30 June 2019
	\$'000	\$'000
Cash and cash deposits	1,918	2,641
Fixed income securities	6,798	3,441
Total interest income	8,716	6,082

4. DIVIDEND AND DISTRIBUTION INCOME

	30 June 2020	30 June 2019
	\$'000	\$'000
Dividend income	23,279	32,611
Distribution income	22,825	36,837
Total dividend and distribution income	46,104	69,448

5. NET GAIN/(LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 \$'000	30 June 2019 \$'000
Unrealised gains		
Shares in listed corporations	53,911	8,770
Units in managed funds	9,689	(4,713)
Fixed interest securities	11,998	(1,721)
Foreign equities	162,438	105,472
Net unrealised gains on financial assets at fair value through profit or loss	238,036	107,808
Realised gains		
Shares in listed corporations	(63,497)	17,782
Units in managed funds	(24,264)	957
Fixed interest securities	(18,075)	732
Foreign equities	(72,499)	19,575
Net realised gains on financial assets at fair value through profit or loss	(178,335)	39,046
Total net gains/(losses) on financial instruments at fair value through profit or loss	59,701	146,854

6. INVESTOR ACCOUNTS

	30 June 2020 \$'000	30 June 2019 \$'000
Opening balance	2,102,946	1,882,870
Investor applications	752,730	371,226
In-specie transfers in	75,370	99,319
Income allocated to Investors accounts	92,832	201,496
	920,932	672,041
<i>Less:</i>		
Investor redemptions	667,503	303,267
In-specie transfers out	97,841	148,698
	765,344	451,965
Closing balance of investor's accounts	2,258,534	2,102,946

Distributions to Investors occur throughout the year. The value of Investors Accounts includes the income received and/or revaluations taken up in the Statement of Comprehensive Income.

7. AUDITOR'S REMUNERATION

	30 June 2020	30 June 2019
	\$	\$
Audit and review of statutory financial reports by BDO	11,000	-
Other assurance services by BDO	17,000	-
Audit and review of statutory financial reports by KPMG	5,300	12,500
Other assurance services by KPMG	-	17,100
Audit and review of statutory financial reports by PwC	-	4,000
Total	23,300	33,600

All Auditor remuneration in respect to the Scheme is paid by the Responsible Entity and as such is not included in the expenses in the statement of comprehensive income.

8. CASH AND CASH EQUIVALENTS

	30 June 2020	30 June 2019
	\$'000	\$'000
Cash held in Australian currency	216,830	156,209
Cash held in Foreign currency	57,345	57,982
Total cash and cash equivalents	274,175	214,191

9. RECEIVABLES

	30 June 2020	30 June 2019
	\$'000	\$'000
Income receivables	10,319	15,126
Trade receivables	25,545	2,804
Total receivables	35,864	17,930

10. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020	30 June 2019
	\$'000	\$'000
Financial instruments		
Shares in listed corporations	504,647	574,162
Units in managed funds	617,571	534,815
Fixed interest securities	136,913	87,920
Foreign equities	692,541	676,671
*Total financial instruments at fair value through profit or loss	1,951,672	1,873,568

11. PAYABLES

	30 June 2020	30 June 2019
	\$'000	\$'000
Outstanding settlements	3,177	2,743
Total payables	3,177	2,743

12. FINANCIAL RISK MANAGEMENT

The Scheme offers investors access to an agency arrangement for direct investment in Australian and International shares, listed property trusts, and managed funds. Investments are held by JP Morgan as custodian of the Scheme. Investors hold beneficial ownership of the investments in their portfolio.

a) Objectives, strategies, policies and processes

Financial instruments of the Scheme comprise of listed equity securities and unlisted managed investment funds. It holds these investment assets at the discretion of the individual investors, and they are managed by the Scheme under the direction of investors in line with the Constitution.

The allocation of assets between the various types of financial instruments described above is determined by the Scheme's investors and, for the model portfolios, the Responsible Entity by reference to external managers' asset allocations. The Scheme's portfolio of assets is managed to achieve the investment objectives and strategies set out by the investors. Divergence from target asset allocations and the composition of the portfolio is monitored by the Responsible Entity regularly.

The financial instruments held by the Scheme are exposed to the following risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

Concentrations of risk arise when many financial instruments or contracts are entered into with the same counterparty, or where many counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The individual investors and the Responsible Entity are responsible for identifying and controlling the risks that arise from these financial instruments.

As the Scheme is an IDPS-like scheme, it is the responsibility of each investor to manage their concentrations of risk. The Scheme does not have any externally imposed capital requirements.

b) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or value of its holdings of financial instruments. Market risk embodies the potential for both losses and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return on risk.

The Responsible Entity manages the Scheme's exposure to market risks under the investment strategies outlined in the Scheme's Product Disclosure Statement. As all investments are held for specific investors, the market risks related to each specific investment are borne by the investor.

(i) Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from foreign exchange risk and interest rate risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As all Scheme financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect income.

Xplore Managed Account (Formerly Linear Managed Accounts)
Notes to the Financial Statements
for the year ended 30 June 2020

At 30 June, the fair value of the Scheme's financial instruments exposed to price risk were as follows:

	30 June 2020 \$'000	30 June 2019 \$'000
Shares in listed corporations	504,647	574,162
Units in managed funds	617,571	534,815
Fixed interest securities	136,913	87,920
Foreign equities	692,541	676,671
Price risk exposure	1,951,672	1,873,568

Sensitivity analysis:

A 10% increase in the value of Scheme investments would have increased profit from operating activities and net assets attributable to Investors by \$195,167,000 (2019: \$187,357,000). An equal change in the opposite direction would have decreased the profit from operating activities and net assets attributable to Investors by an equal opposite amount.

As investors hold specific investments such analysis would be unrepresentative of the investor specific risk, which is instead directly linked to the price of their specific investments.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the value of monetary securities denominated in currencies other than the Australian dollar will fluctuate due to changes in exchange rates.

The Scheme's investors may hold assets denominated in currencies other than the Australian dollar, the functional currency. They are therefore exposed to foreign exchange risk, as the value of the future cash flows of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

The table below summarises the Scheme's assets and liabilities which are denominated in foreign currencies:

30 June 2020

Foreign exchange risk in AUD	GBP \$'000	USD \$'000	OTHER \$'000
Financial assets			
Cash and cash equivalents	908	56,408	216,859
Receivables (Payables)	77	656	31,954
Financial assets at fair value through profit or loss	6,691	629,419	1,315,562
Total foreign exchange risk	7,676	686,483	1,564,375

30 June 2019

Foreign exchange risk in AUD	GBP \$'000	USD \$'000	OTHER \$'000
Financial assets			
Cash and cash equivalents	2,147	55,807	156,237
Receivables (Payables)	9	472	14,706
Financial assets at fair value through profit or loss	25,457	556,869	1,291,242
Total foreign exchange risk	27,613	613,148	1,462,185

Sensitivity analysis

Sensitivity in AUD			2020	2020	2019	2019
	Increase	Decrease	\$'000	\$'000	\$'000	\$'000
Currency						
British pounds	4%	(10%)	268	(669)	1,018	(2,546)
US dollars	1%	(10%)	6,294	(62,942)	5,569	(55,687)
Other currencies	2%	(8%)	26,311	(105,245)	25,825	(103,299)

(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.

The interest rate risk disclosures have been prepared based on direct investments and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk in the note below may not represent the true interest rate risk profile of the Scheme where the indirect risk has greater exposure to the interest rate markets.

An increase or decrease of 1% in the interest rate will increase or decrease interest earned by \$2,741,750 (2019: \$2,141,910).

The Scheme's exposure to interest rate movements on its investments was as follows:

30 June 2020

	Weighted average effective interest rate (%)	Interest bearing \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	0.66	274,175	-	274,175
Financial assets at fair value through profit or loss	-	-	1,951,672	1,951,672
Receivables	-	-	35,864	35,864
Total financial assets		274,175	1,987,536	2,261,711
Financial liabilities				
Payables	-	-	3,177	3,177
Net assets attributable to investors	-	-	2,258,534	2,258,534
Total financial liabilities		-	2,261,711	2,261,711

30 June 2019

	Weighted average effective interest rate (%)	Interest bearing \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	1.00	214,191	-	214,191
Financial assets at fair value through profit or loss	-	-	1,873,568	1,873,568
Receivables	-	-	17,930	17,930
Total financial assets		214,191	1,891,498	2,105,689
Financial liabilities				
Payables	-	-	2,743	2,743
Net assets attributable to investors	-	-	2,102,946	2,102,946
Total financial liabilities		-	2,105,689	2,105,689

c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Scheme.

At 30 June 2020, the following financial assets were exposed to credit risk: cash and cash equivalents, receivables, equity securities and unlisted unit trusts.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of on statement of financial position financial assets. The credit risk on financial assets of the Scheme which have been recognised on the statement of financial position is the carrying amount as stated.

No financial assets are considered past due or impaired on 30 June 2020 or 30 June 2019.

d) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's liquidity risk is low due to Investors holding direct investments. Redemptions from the Scheme are therefore restricted by the satisfactory sale of investor direct investments. The contractual maturities of financial liabilities are as follows.

30 June 2020	Less than 1 month \$'000	At call \$'000
Financial liabilities		
Payables	3,177	-
Net assets attributable to investors	-	2,258,534
Total financial liabilities	3,177	2,258,534

30 June 2019	Less than 1 month \$'000	At call \$'000
Financial liabilities		
Payables	2,743	-
Net assets attributable to investors	-	2,102,946
Total financial liabilities	2,743	2,102,946

e) Operational risk

Operational risk is the risk of loss arising from causes associated with the processes, technology and infrastructure supporting the Scheme's activities with financial instruments either internally within the Scheme or externally at the Scheme's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements.

The Scheme's objective is to manage operational risk to balance mitigation of risk with achieving its investment objective and generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the directors of the Responsible Entity.

The directors' assessment over the adequacy of the controls and processes in place at the service providers concerning operational risk is carried out via regular reporting, ad-hoc discussions and an annual on-site review with the service providers and a review of the service providers' GS007 report on internal controls.

Substantially all assets of the Scheme are held by JP Morgan. Bankruptcy or insolvency of the Scheme's custodian may cause the Scheme's rights concerning the securities held by the custodian to be delayed or limited. The Responsible Entity monitors the capital adequacy of its custodian and reviews the findings documented in the GS007 report on the internal controls annually.

The Scheme has provided the custodian with a general lien over the financial assets held in custody to cover the exposure from providing custody services. The general lien is part of the standard contractual terms of the custody agreement.

f) Capital management

As the Scheme is an IDPS-like Scheme it is the responsibility of each investor to manage their capital requirements. The Scheme does not have any externally imposed capital requirements.

13. FAIR VALUE MEASUREMENT

The Scheme measures and recognises financial assets and liabilities held at fair value through profit or loss and investment properties at fair value regularly.

a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by the level of the following fair value hierarchy.

Level 1: Fair value in open markets

The fair value of financial assets and liabilities traded in open markets is based on the trading price at the end of the reporting period without any deduction for estimated future selling costs.

Level 2: Fair value in active markets

The fair value of financial assets and liabilities traded in active markets is based on the redemption price calculated by the underlying asset manager. The Responsible Entity values fixed interest securities held by the Scheme using broker quotes and units in unit trusts using the price provided by the underlying fund manager.

Level 3: Fair value in inactive markets

The fair value of financial assets and liabilities traded in inactive markets is based on the calculated price using the most recent arm's length observed inputs.

b) Recognised fair value measurements

The following table presents the Scheme's assets and liabilities measured and recognised at fair value according to the fair value hierarchy at the reporting date.

30 June 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss:				
Shares in listed corporations	496,367	8,280	-	504,647
Units in managed funds	514,014	103,558	-	617,572
Fixed interest securities	93,900	43,013	-	136,913
Foreign equities	692,541	-	-	692,541
Total financial assets	1,796,822	154,851	-	1,951,673

30 June 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss:				
Shares in listed corporations	533,245	40,917	-	574,162
Units in managed funds	414,523	120,292	-	534,815
Fixed interest securities	3,303	84,617	-	87,920
Foreign equities	556,787	119,884	-	676,671
Total financial assets	1,507,858	365,710	-	1,873,568

c) Valuation techniques

Pricing for most of the Scheme's investments is provided by independent sources, the underlying investment manager or reliable brokers.

d) Fair value of other financial instruments

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

14. RELATED PARTY TRANSACTIONS

a) Responsible entity

The Responsible Entity of Xplore Managed Account is Responsible Entity Partners Limited (ACN 119 757 596), a fully owned subsidiary of Certes Infrastructure Holdings Pty Ltd (ACN 640 129 479).

(i) Key management personnel

The Scheme has no employees. However, it is required to have an incorporated responsible entity to manage the activities of the Scheme and this is considered the key management personnel.

Key management personnel of the Responsible Entity include persons who held office as directors of the Responsible Entity at any time during the year and up to the date of this report:

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Director	Date appointed	Date resigned
Michael John Terlet AO (Chair)	1 October 2017	-
Ronald Peter Beard	23 October 2013	-
Fiona McNabb	28 September 2016	-
Stephen Miller	1 October 2017	25 February 2020
Andrew Peterson	20 March 2018	-

The Scheme does not pay the directors of the Responsible Entity.

(ii) Key management personnel compensation

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

(iii) Key management personnel loan disclosure

The Scheme 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.

(iv) Other transactions within the scheme

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity have entered a material contract with the Scheme, since the end of the previous financial period and there were no material contracts involving director's interests subsisting at year-end.

b) Related party remuneration

Fees charged to investors by the Responsible Entity are set out in the Scheme Product Disclosure Statement. Fees are deducted from Investor accounts and paid to the Responsible Entity each month. Total fees paid to the Responsible Entity by investors during the reporting period was \$1,033,000 (2019: \$1,035,000).

Investors are required by the Constitution to appoint the Responsible Entity as their agent to invest and manage their portfolio. The Responsible Entity, as an agent, will deduct fees from investors and pay to the Promoter. Fees range from between 0.28% to 1.00% per annum. Financial adviser fees are paid to adviser groups. Fees received by the Promoter pay for all operational and promotional activities. Fees are reported on the statement of profit or loss and other comprehensive income.

The Promoter is not a related party of the Responsible Entity.

	30 June 2020 \$'000	30 June 2019 \$'000
Fee expenses		
Investment management fee	11,579	11,175
Adviser fee	6,304	5,096
Performance fee	412	-
Fee Method	-	1,567
Responsible Entity and Promoter fee	3,602	3,446
Total Fee expenses	21,897	21,284

Xplore Managed Account (Formerly Linear Managed Accounts)
Notes to the Financial Statements
for the year ended 30 June 2020

	30 June 2020 \$'000	30 June 2019 \$'000
Fee payable		
Investment management fee	963	951
Adviser fee	543	469
Responsible Entity and Promoter fee	302	295
Total Fee payable	1,808	1,715

c) Other related party transactions

(i) Related party investments held by the scheme

The Scheme does not lend or hold equity in the Responsible Entity and its related parties.

(ii) Interests held in the scheme by related parties

The Responsible Entity, its directors, and its related parties are not investors in the Scheme.

Parties related to the scheme (including Responsible Entity Partners Limited), its related parties and other schemes managed by Responsible Entity Partners Limited, hold no investment in the Scheme.

15. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

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

	30 June 2020 \$'000	30 June 2019 \$'000
Profit for the year attributable to investors		
Increase in net assets attributable to investors	92,832	201,496
Proceeds from the sale of financial instruments at fair value through profit or loss	988,614	1,195,628
Purchase of financial instruments at fair value through profit or loss	(1,051,881)	(1,283,863)
Net changes in financial instruments at fair value through profit or loss	(59,701)	(146,854)
Net change in income receivable	4,806	(9,658)
Net change in fee payable	87	1,714
Net cash inflow/(outflow) from operating activities	(25,243)	(41,537)

16. OTHER OPERATING EXPENSES

	30 June 2020 \$'000	30 June 2019 \$'000
Other operating expenses		
Adviser fee	6,304	5,096
Other operating expenses	6,304	5,096

17. EVENTS SUBSEQUENT TO REPORTING DATE

There are no significant events to report which would impact on the financial position of the Scheme as disclosed in the statement of financial position as at 30 June 2020 or on the results and cash flows of the Scheme for the year ended on that date.

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or assets at 30 June 2020 (2019: Nil).

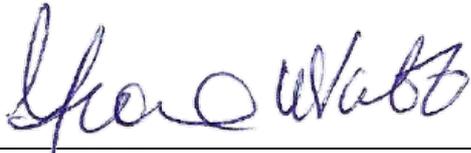
DIRECTORS' DECLARATION

The directors of Responsible Entity Partners Limited, Responsible Entity of Xplore Managed Account, declare that:

1. The financial statements and notes, as set out on pages 7 to 26, are prepared under requirements of the *Corporations Act 2001* to:
 - a. Comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - b. Give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Scheme.
2. These financial statements comply with International Financial Reporting Standards as disclosed in Note 2.
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.

Signed by a resolution of the directors of Responsible Entity Partners Limited:

RESPONSIBLE ENTITY PARTNERS LIMITED



Fiona McNabb
Independent Director

30 September 2020

INDEPENDENT AUDITOR'S REPORT

To the unitholders of Xplore Managed Account

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Xplore Managed Account (the Scheme), which comprises the statement of financial position as at 30 June 2020, the statement of 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 Xplore Managed Account, 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 2020 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 Scheme, 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 Responsible Entity Partners Limited (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 Director's 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

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'James Dixon'.

James Dixon
Director

Melbourne, 30 September 2020