

## **Annual report for the year ended 30 June 2023**

### **ClearBridge RARE Infrastructure Value Fund – Hedged**

ARSN 121 027 709

### **ClearBridge RARE Infrastructure Income Fund - Hedged**

ARSN 132 182 631

### **ClearBridge RARE Emerging Markets Fund**

ARSN 132 182 462

### **ClearBridge RARE Infrastructure Value Fund – Unhedged**

ARSN 150 677 017

### **ClearBridge RARE Infrastructure Income Fund – Unhedged**

ARSN 647 332 321

# Annual report for the year ended 30 June 2023

## Contents

Directors' report	1
Auditor's independence declaration	5
Statements of comprehensive income	6
Balance sheets	8
Statements of changes in equity	10
Statements of cash flows	11
Notes to the financial statements	13
Directors' declaration	62
Independent auditor's report to the unitholders	63

**Directors' report**  
**For the year ended 30 June 2023**

---

## Directors' report

The directors of Franklin Templeton Australia Limited (ABN 76 004 835 849), the Responsible Entity of the following managed investment schemes (the "Funds") present their report together with the financial statements of the Funds for the financial year ended 30 June 2023.

- ClearBridge RARE Infrastructure Value Fund - Hedged (referred to in this document as "Infrastructure Value Fund - Hedged") constituted on 1 August 2006;
- ClearBridge RARE Infrastructure Income Fund - Hedged (referred to in this document as Infrastructure Income Fund - Hedged") constituted on 9 July 2008;
- ClearBridge RARE Emerging Markets Fund (referred to in this document as "Emerging Markets Fund") constituted on 9 July 2008;
- ClearBridge RARE Infrastructure Value Fund - Unhedged (referred to in this document as "Infrastructure Value Fund - Unhedged") constituted on 2 May 2011; and
- ClearBridge RARE Infrastructure Income Fund - Unhedged (referred to in this document as "Infrastructure Income Fund - Unhedged") constituted on 1 February 2021.

### Principal Activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the financial year.

There were no significant changes in the nature of the Funds' activities during the financial year.

### Directors

The following persons held office as directors of Franklin Templeton Australia Limited during the year or since the end of the year and up to the date of this report:

M. Harrison (Chairperson)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

### Review and results of operations

During the financial year, the Funds continued to invest in accordance with target asset allocations as set out in the governing documents of the relevant Funds and in accordance with the provisions of the Funds' Constitutions.

**Directors' report**  
**For the year ended 30 June 2023**

## Directors' report (continued)

### Results

The performance of the Funds, as represented by the results of their operations, were as follows:

	<b>Infrastructure Value Fund - Hedged</b>		<b>Infrastructure Income Fund - Hedged</b>		<b>Emerging Markets Fund</b>	
	<b>Year ended</b>		<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<b>25,767</b>	72,510	<b>(48,171)</b>	76,635	<b>7,700</b>	(397)
<i>Distributions - A Class</i>						
Distribution paid and payable (\$'000)	<b>21,646</b>	83,837	<b>25,462</b>	28,293	<b>1,920</b>	2,029
Distributions (cents per unit)	<b>2.7661</b>	11.6548	<b>5.5754</b>	12.6166	<b>5.5312</b>	3.8575
<i>Distributions - B Class</i>						
Distribution paid and payable (\$'000)	—	—	<b>18,236</b>	32,053	—	—
Distributions (cents per unit)	—	—	<b>4.5682</b>	9.7835	—	—
<i>Distributions - C Class</i>						
Distribution paid and payable (\$'000)	<b>570</b>	2,762	<b>1,506</b>	258	—	—
Distributions (cents per unit)	<b>2.8121</b>	11.5028	<b>6.4700</b>	12.7699	—	—
<i>Distributions - I Class</i>						
Distribution paid and payable (\$'000)	<b>3,850</b>	9,910	—	—	—	—
Distributions (cents per unit)	<b>4.4482</b>	11.8217	—	—	—	—
<i>Distributions - Total</i>						
Distribution paid and payable (\$'000)	<b>26,066</b>	96,509	<b>45,204</b>	60,604	<b>1,920</b>	2,029

	<b>Infrastructure Value Fund - Unhedged</b>		<b>Infrastructure Income Fund - Unhedged</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<b>69,647</b>	101,076	<b>2,241</b>	47,447
<i>Distributions - A Class</i>				
Distribution paid and payable (\$'000)	<b>109,502</b>	75,284	<b>1,436</b>	2,553
Distributions (cents per unit)	<b>16.4991</b>	11.3808	<b>6.8349</b>	22.1559
<i>Distributions - C Class</i>				
Distribution paid and payable (\$'000)	—	—	—	—
Distributions (cents per unit)	<b>10.4374</b>	11.7758	<b>8.3109</b>	22.5773
<i>Distributions - I Class</i>				
Distribution paid and payable (\$'000)	—	—	<b>10,713</b>	36,602
Distributions (cents per unit)	—	—	<b>8.3259</b>	22.6248
<i>Distributions - Total</i>				
Distribution paid and payable (\$'000)	<b>109,502</b>	75,284	<b>12,149</b>	39,155

Further information on distributions to unitholders is disclosed in note 11 to the financial statements.

## **Directors' report (continued)**

### **Significant changes in state of affairs**

Markets continue to be affected by global interest rate and inflation pressures, ongoing geopolitical events as well as fears of a looming global recession. Such events can affect the assets of the Funds, and thus performance of the Funds. Management continues to monitor these developments and evaluate their impact on the Funds.

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

### **Matters subsequent to the end of the financial year**

As disclosed in note 16 to the financial statements, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

### **Likely developments and expected results of operations**

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

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. 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.

Further information on likely developments in the operation of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

### **Indemnification and insurance of officers**

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of Franklin Templeton Australia Limited or the auditors of the Funds. So long as the officers of Franklin Templeton Australia Limited act in accordance with the Funds' Constitutions and the law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

### **Indemnity of auditors**

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

### **Fees paid to and interests held in the Funds by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Funds' property during the financial year are disclosed in note 15 to the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the financial year.

### **Interests in the Funds**

The movement in units on issue in the Funds during the financial year is disclosed in note 10 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the balance sheets and derived using the basis set out in note 2 to the financial statements.

### **Environmental regulation**

The operations of the Funds 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**

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

## **Directors' report (continued)**


### **Single set of financial statements**

The Funds are of the kind referred to in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* issued by the Australian Securities and Investments Commission ("ASIC") and in accordance with that ASIC Instrument, Funds with a common Responsible Entity (or related responsible entities) can include their financial statements in adjacent columns in a single set of financial statements.

### **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 5.

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

DocuSigned by:  
Director   
36BA20B35DB241C...  
M. Sund

Melbourne

26 September 2023



## Auditor's Independence Declaration

As lead auditor for the audit of Franklin Templeton Australia Funds (the Funds) for the year ended 30 June 2023, 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.

The declaration is in respect of the following Funds:

- ClearBridge RARE Infrastructure Value Fund – Hedged
- ClearBridge RARE Infrastructure Income Fund – Hedged
- ClearBridge RARE Emerging Markets Fund
- ClearBridge RARE Infrastructure Value Fund – Unhedged
- ClearBridge RARE Infrastructure Income Fund – Unhedged

A handwritten signature in dark ink, appearing to read 'Kate L Logan'.

Kate Logan  
Partner  
PricewaterhouseCoopers

Melbourne  
26 September 2023

**Statements of comprehensive income**  
**For the year ended 30 June 2023**

**Statements of comprehensive income**

		Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Emerging Markets Fund	
		Year ended		Year ended		Year ended	
	Notes	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Investment income</b>							
Interest income		916	6	1,286	8	18	—
Dividend income		19,989	16,490	39,434	23,074	2,302	3,369
Distribution income		3,127	1,693	6,440	4,178	132	249
Net gains/(losses) on financial instruments at fair value through profit or loss		11,189	63,750	(84,569)	55,735	6,290	(1,434)
Other operating income		88	81	107	46	69	—
<b>Total net investment income/ (loss)</b>		35,309	82,020	(37,302)	83,041	8,811	2,184
<b>Expenses</b>							
Responsible Entity's fees	15	8,186	8,489	8,332	4,640	852	1,336
Transaction costs		1,351	922	2,537	1,618	136	263
Other operating expenses		5	99	—	148	123	982
<b>Total operating expenses</b>		9,542	9,510	10,869	6,406	1,111	2,581
<b>Operating profit/ (loss) for the year</b>		25,767	72,510	(48,171)	76,635	7,700	(397)
<b>Finance costs attributable to unitholders</b>							
Distributions to unitholders	11	(26,066)	(96,509)	(45,204)	(60,604)	—	—
(Increase)/decrease in net assets attributable to unitholders	10	299	23,999	93,375	(16,031)	—	—
<b>Profit/(loss) for the year</b>		—	—	—	—	7,700	(397)
Other comprehensive income for the year		—	—	—	—	—	—
<b>Total comprehensive income for the year</b>		—	—	—	—	7,700	(397)



**Statements of comprehensive income**  
**For the year ended 30 June 2023**

**Statements of comprehensive income (continued)**

		Infrastructure Value Fund - Unhedged		Infrastructure Income Fund - Unhedged	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
	Notes				
<b>Investment income</b>					
Interest income		882	5	132	—
Dividend income		19,373	15,771	5,524	8,750
Distribution income		3,076	1,637	836	1,571
Net gains/(losses) on financial instruments at fair value through profit or loss		56,294	92,754	(3,782)	37,764
Other operating income		86	77	38	27
<b>Total net investment income/(loss)</b>		<b>79,711</b>	<b>110,244</b>	<b>2,748</b>	<b>48,112</b>
<b>Expenses</b>					
Responsible Entity's fees	15	8,782	8,735	201	65
Transaction costs		1,277	335	306	532
Other operating expenses		5	98	—	68
<b>Total operating expenses</b>		<b>10,064</b>	<b>9,168</b>	<b>507</b>	<b>665</b>
<b>Operating profit/(loss) for the year</b>		<b>69,647</b>	<b>101,076</b>	<b>2,241</b>	<b>47,447</b>
<b>Finance costs attributable to unitholders</b>					
Distributions to unitholders	11	(109,502)	(75,284)	(12,149)	(39,155)
(Increase)/decrease in net assets attributable to unitholders	10	39,855	(25,792)	9,908	(8,292)
<b>Profit/(loss) for the year</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Other comprehensive income for the year		—	—	—	—
<b>Total comprehensive income for the year</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

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

**Balance sheets**  
**For the year ended 30 June 2023**

**Balance sheets**

		Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Emerging Markets Fund	
		As at		As at		As at	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Cash and cash equivalents	12	42,132	33,128	85,604	40,888	954	2,664
Receivables		1,513	1,502	2,720	2,456	15	19
Accrued income		3,175	1,536	8,535	5,017	467	704
Due from brokers - receivable for securities sold		–	15,001	22,297	2,492	–	107
Financial assets at fair value through profit or loss	6	935,503	906,644	1,239,205	779,703	55,163	74,594
<b>Total assets</b>		<b>982,323</b>	<b>957,811</b>	<b>1,358,361</b>	<b>830,556</b>	<b>56,599</b>	<b>78,088</b>
<b>Liabilities</b>							
Distribution payable	11	11,531	72,205	19,563	37,289	910	1,178
Payables		1,379	1,883	1,926	982	294	497
Due to brokers - payable for securities purchased		5,551	17,943	43,780	19,555	–	–
Financial liabilities at fair value through profit or loss	7	52,586	45,946	60,119	25,415	–	–
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>71,047</b>	<b>137,977</b>	<b>125,388</b>	<b>83,241</b>	<b>1,204</b>	<b>1,675</b>
<b>Net assets attributable to unitholders - equity</b>	10	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>55,395</b>	<b>76,413</b>
<b>Net assets attributable to unitholders - liability</b>	10	<b>911,276</b>	<b>819,834</b>	<b>1,232,973</b>	<b>747,315</b>	<b>–</b>	<b>–</b>

**Balance sheets**  
**For the year ended 30 June 2023**

**Balance sheets (continued)**

		Infrastructure Value Fund - Unhedged		Infrastructure Income Fund - Unhedged	
		As at		As at	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Notes					
<b>Assets</b>					
	12	33,007	37,594	5,667	4,551
		1,711	1,295	290	335
		2,863	1,465	1,016	1,069
		6,071	14,310	2,864	520
	6	<u>830,443</u>	<u>864,044</u>	<u>141,439</u>	<u>157,952</u>
<b>Total assets</b>		<b><u>874,095</u></b>	<b><u>918,708</u></b>	<b><u>151,276</u></b>	<b><u>164,427</u></b>
<b>Liabilities</b>					
	11	61,433	35,546	3,319	13,888
		2,695	1,352	19	13
		4,838	17,116	1,431	2,415
	7	<u>36</u>	<u>11</u>	<u>2</u>	<u>2</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b><u>69,002</u></b>	<b><u>54,025</u></b>	<b><u>4,771</u></b>	<b><u>16,318</u></b>
<b>Net assets attributable to unitholders - liability</b>	10	<b><u>805,093</u></b>	<b><u>864,683</u></b>	<b><u>146,505</u></b>	<b><u>148,109</u></b>

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

**Statements of changes in equity**  
**For the year ended 30 June 2023**

**Statements of changes in equity**

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Emerging Markets Fund	
	Year ended		Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Total equity at the beginning of the year</b>	-	-	-	-	76,413	128,955
<b>Comprehensive income for the year</b>						
Profit/(loss) for the year	-	-	-	-	7,700	(397)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	7,700	(397)
<b>Transactions with unitholders</b>						
Applications	-	-	-	-	1,545	5,782
Redemptions	-	-	-	-	(30,369)	(57,198)
Units issued upon reinvestment of distributions	-	-	-	-	2,026	1,300
Distributions paid and payable	-	-	-	-	(1,920)	(2,029)
<b>Total transactions with unitholders</b>	-	-	-	-	(28,718)	(52,145)
<b>Total equity at the end of the year</b>	-	-	-	-	55,395	76,413

	Infrastructure Value Fund - Unhedged		Infrastructure Income Fund - Unhedged	
	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Total equity at the beginning of the year</b>	-	-	-	-
<b>Comprehensive income for the year</b>				
Profit/(loss) for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-
<b>Total equity at the end of the year</b>	-	-	-	-

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

**Statements of cash flows**  
**For the year ended 30 June 2023**

**Statements of cash flows**

		Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Emerging Markets Fund	
		Year ended		Year ended		Year ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments at fair value through profit or loss		629,298	545,804	922,366	461,480	44,206	91,255
Purchases of financial instruments at fair value through profit or loss		(636,328)	(454,950)	(1,427,452)	(742,679)	(18,454)	(41,137)
Transaction costs		(1,350)	(921)	(2,537)	(1,618)	(136)	(263)
Dividends/distributions received		19,722	17,357	42,112	23,457	2,688	3,593
Interest received		915	5	1,286	8	18	—
Other income received		91	114	38	10	87	—
Management fees paid		(8,169)	(8,491)	(7,975)	(4,398)	(869)	(1,388)
Payment of other expenses		(5)	(99)	—	(158)	(309)	(567)
<b>Net cash inflow/ (outflow) from operating activities</b>	13(a)	<b>4,174</b>	<b>98,819</b>	<b>(472,162)</b>	<b>(263,898)</b>	<b>27,231</b>	<b>51,493</b>
<b>Cash flows from financing activities</b>							
Proceeds from applications by unitholders		220,645	180,110	705,374	421,964	1,545	5,784
Payments for redemptions by unitholders		(144,408)	(211,588)	(128,320)	(98,416)	(30,369)	(57,499)
Distributions paid from operating activities		(71,516)	(52,375)	(60,315)	(40,705)	(162)	(110)
<b>Net cash inflow/ (outflow) from financing activities</b>		<b>4,721</b>	<b>(83,853)</b>	<b>516,739</b>	<b>282,843</b>	<b>(28,986)</b>	<b>(51,825)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>8,895</b>	<b>14,966</b>	<b>44,577</b>	<b>18,945</b>	<b>(1,755)</b>	<b>(332)</b>
Cash and cash equivalents at the beginning of the financial year		33,128	17,999	40,888	21,701	2,664	3,007
Effects of foreign currency exchange rate changes on cash and cash equivalents		109	163	139	242	45	(11)

**Statements of cash flows**  
**For the year ended 30 June 2023**

**Statements of cash flows (continued)**

	Notes	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Emerging Markets Fund	
		Year ended		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Cash and cash equivalents at the end of the financial year</b>	12	<u>42,132</u>	<u>33,128</u>	<u>85,604</u>	<u>40,888</u>	<u>954</u>	<u>2,664</u>
<b>Non-cash financing activities</b>	13(b)	<u>15,225</u>	<u>16,022</u>	<u>2,614</u>	<u>2,836</u>	<u>2,026</u>	<u>1,300</u>

	Notes	Infrastructure Value Fund - Unhedged		Infrastructure Income Fund - Unhedged	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Cash flows from operating activities</b>					
Proceeds from sale of financial instruments at fair value through profit or loss		668,902	461,595	164,264	354,906
Purchases of financial instruments at fair value through profit or loss		(581,579)	(398,819)	(154,882)	(191,285)
Transaction costs		(1,277)	(335)	(306)	(532)
Dividends/distributions received		19,310	15,780	6,458	9,837
Interest received		882	5	132	—
Other income received		91	99	37	26
Management fees paid		(8,813)	(8,698)	(195)	(53)
Payment of other expenses		(6)	(98)	—	(68)
<b>Net cash inflow/(outflow) from operating activities</b>	13(a)	<u>97,510</u>	<u>69,529</u>	<u>15,508</u>	<u>172,831</u>
<b>Cash flows from financing activities</b>					
Proceeds from applications by unitholders		195,026	160,705	360,619	21,446
Payments for redemptions by unitholders		(226,614)	(160,541)	(368,995)	(191,695)
Distributions paid from operating activities		(70,604)	(47,923)	(6,038)	(3,526)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(102,192)</u>	<u>(47,759)</u>	<u>(14,414)</u>	<u>(173,775)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(4,682)</u>	<u>21,770</u>	<u>1,094</u>	<u>(944)</u>
Cash and cash equivalents at the beginning of the financial year		37,594	15,924	4,551	5,423
Effects of foreign currency exchange rate changes on cash and cash equivalents		95	(100)	22	72
<b>Cash and cash equivalents at the end of the financial year</b>	12	<u>33,007</u>	<u>37,594</u>	<u>5,667</u>	<u>4,551</u>
<b>Non-cash financing activities</b>	13(b)	<u>13,011</u>	<u>9,121</u>	<u>16,680</u>	<u>25,034</u>

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

## 1 General information

This financial statements covers the following managed investment schemes (the "Funds"). The Funds are registered managed investment schemes under the *Corporations Act 2001*. The Funds may be terminated in accordance with the provisions of the Funds' Constitutions. The Funds are domiciled in Australia. The respective constitution dates are as follows:

- ClearBridge RARE Infrastructure Value Fund - Hedged (referred to in this document as "Infrastructure Value Fund - Hedged") constituted on 1 August 2006;
- ClearBridge RARE Infrastructure Income Fund - Hedged (referred to in this document as "Infrastructure Income Fund - Hedged") constituted on 9 July 2008;
- ClearBridge RARE Emerging Markets Fund (referred to in this document as "Emerging Markets Fund") constituted on 9 July 2008;
- ClearBridge RARE Infrastructure Value Fund - Unhedged (referred to in this document as "Infrastructure Value Fund - Unhedged") constituted on 2 May 2011.
- ClearBridge RARE Infrastructure Income Fund - Unhedged (referred to in this document as "Infrastructure Income Fund - Unhedged") constituted on 1 February 2021 and commenced operations on 31 March 2021.

The Responsible Entity of the Funds is Franklin Templeton Australia Limited (ABN 76 004 835 849) (the "Responsible Entity"). The Responsible Entity's registered office is Level 47, 120 Collins Street, Melbourne, VIC 3000.

The financial statements are presented in the Australian currency.

The principal activity of each Fund is to invest in accordance with the investment objectives and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

Net assets attributable to unitholders of Infrastructure Value Fund - Hedged, Infrastructure Income Fund - Hedged, Infrastructure Value Fund - Unhedged and Infrastructure Income Fund - Unhedged remain disclosed as a liability as its multi-class structure means they have not met the strict criteria for recognition as equity, despite their election into the AMIT tax regime. See note 10 for further information.

Markets continue to be affected by global interest rate and inflation pressures, ongoing geopolitical events as well as fears of a looming global recession. Such events can affect the assets of the Funds, and thus performance of the Funds. Management continues to monitor these developments and evaluate their impact on the Funds.

The financial statements were authorised for issue by the directors of the Responsible Entity on 26 September 2023. 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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Funds are for-profit entities 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 sheets are 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 twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

The Funds manage financial assets at fair value through profit or loss based on 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 twelve months, however an estimate of that amount cannot be determined as at balance date.

#### (i) Compliance with International Financial Reporting Standards

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

#### (ii) New and amended standards adopted by the Funds

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

## **2 Summary of significant accounting policies (continued)**

### **(a) Basis of preparation (continued)**

#### *(iii) New accounting standards, amendments and interpretations effective after 1 July 2023 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

### **(b) Financial asset and liabilities at fair value through profit or loss**

#### *(i) Classification*

##### **Assets**

The Funds classify their investments based on their business models for managing financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolios of financial assets are managed and their performance are evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds use fair value information to assess performance of the portfolios and to make decisions to rebalance the portfolios or to realise fair value gains or minimise losses through sales or other trading strategies. The Funds' policies are for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

##### **Liabilities**

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

#### *(ii) Recognition/derecognition*

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise 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 has expired or the Funds have transferred substantially all risks and rewards of ownership.

#### *(iii) Measurement*

At initial recognition, the Funds measure financial assets and financial liabilities at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statements of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the financial year in which they arise.

Further details on how the fair values of financial instruments are determined are disclosed in note 5.

#### *(iv) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to note 4 for further information.

### **(c) Net assets attributable to unitholders**

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Funds. This amount represents the expected cash flows on redemption of these units.



## **2 Summary of significant accounting policies (continued)**

### **(c) Net assets attributable to unitholders (continued)**

Units are classified as equity when they satisfy the following criteria under AASB132 *Financial instruments: Presentation*:

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

As a result of the reclassification of net assets attributable to unitholders from equity to liabilities, the Funds' distributions, except for the Emerging Markets Fund, are no longer classified as dividends paid in the statements of net assets attributable to unitholders - equity/liability, but rather as finance costs in the statements of comprehensive income.

### **(d) Cash and cash equivalents**

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term highly liquid investments, with original maturities of three months or less 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 Funds' main income generating activity.

### **(e) Investment income**

Interest income is recognised in the statements of comprehensive income on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded at paid date as an expense. The Funds currently incur withholding tax imposed by certain countries on dividend income. Such income is recorded net of withholding tax in the statements of comprehensive income.

Dividends declared on securities sold are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

### **(f) Expenses**

All expenses, including management fees, Responsible Entity's fees, administration and other Funds' costs are recognised in the statements of comprehensive income on an accrual basis. Administration and other Funds' costs include administrative fees, compliance fees, regulatory charges, custodian fees and audit fees.

### **(g) Income Tax**

Under current legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to their 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 distributed so that the Funds are not subject to capital gains tax.

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

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

### **(h) Distributions**

In accordance with the Funds' Constitutions, the Funds distribute income adjusted for amounts determined by the Responsible Entity to unitholders by cash or reinvestment. The distributions are recognised in the statements of comprehensive income as finance costs attributable to unitholders.

## **2 Summary of significant accounting policies (continued)**

### **(i) Increase/decrease in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Where units of Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statements of comprehensive income as finance costs.

### **(j) Unsettled trades**

Unsettled trades represent receivables for unit trust sales and payables for unit trust purchases that have been contracted for but not yet delivered by the end of the financial year. Trades are recorded on trade date, and normally settled within three business days.

### **(k) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the Funds' 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 Funds compete for funds and is regulated. The Australian dollar is also the Funds' 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 from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

The Funds do not isolate that portion of unrealised gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

### **(l) Due from/to brokers**

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker 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 Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

### **(m) Receivables**

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each financial year from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

## **2 Summary of significant accounting policies (continued)**

### **(n) Payables**

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the financial year.

The distribution amount payable to unitholders as at the end of each financial year is recognised separately in the balance sheets as unitholders are presently entitled to the distributable income under the Funds' Constitutions.

### **(o) Applications and redemptions**

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

### **(p) Goods and Services Tax (GST)**

The GST incurred on the costs of various services provided to the Funds by third parties such as audit fees, custodial services and investment management fees have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 55% or 75%, hence expenses have been recognised in the statements 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 sheets. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

### **(q) Use of estimates**

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within 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 the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Trustee, independent of the area that created them.

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

For more information on how fair value is calculated please see note 5 to the financial statements.

### **(r) Investment entity exception**

AASB 10 *Consolidated Financial Statements* for investment entities includes an exception to the consolidation rules for those entities qualifying as "investment entities". Subsidiaries of investment entities will be accounted for at fair value through profit or loss, in accordance with AASB 9 *Financial Instruments: Recognition and Measurement*.

A parent entity will need to make an assessment of whether it meets the definition of an investment entity. An investment entity is defined as an entity that:

- (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Certain Funds have multiple investments that they control. However, these Funds have determined that they are investment entities under the definition in AASB 10 as they meet the following criteria:

- (a) These Funds have obtained funds from unitholders for the purpose of providing them with investment management services;
- (b) These Funds business purpose, which is communicated directly to unitholders, is investing solely for return from capital appreciation and investment income; and
- (c) The performance of investments made by these funds are measured and evaluated on a fair value basis.

These Funds also meet all of the typical characteristics of an investment entity, including:

- (a) holding more than one investment;
- (b) having more than one investor;
- (c) having investors that are not related parties of the entity; and

## **2 Summary of significant accounting policies (continued)**

### **(r) Investment entity exception (continued)**

(d) having ownership interests in the form of equity or similar interests.

As these Funds measure all of their controlled entities at fair value through profit or loss, they only present separate financial statements.

### **(s) Rounding of amounts**

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollar in accordance with that Instrument, unless otherwise indicated.

## **3 Financial risk management**

The Funds' 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 Funds' overall risk management programme focuses on ensuring compliance with the Funds' Product Disclosure Statements and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the investment manager of the Responsible Entity under policies approved by the directors.

The Funds use different methods to measure different types of risks to which it is exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk. VaR analysis is explained in note 3(b).

### **(a) Market risk**

#### *(i) Price risk*

Price risk arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates.

The majority of the Funds' directly held financial assets are in international equity securities.

Investments are made when price risks are assessed as relatively attractive and are liquidated as price risks are assessed as relatively less attractive. Price risk is managed by ongoing monitoring of portfolio exposures relative to the Funds' investment guidelines.

#### *(ii) Foreign exchange risk*

The Funds hold assets and liability denominated in currencies other than the Australian dollar through its underlying investments. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk.

Foreign exchange risk arises as the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using VaR.

Investments are made when foreign exchange risks are assessed as relatively attractive and are liquidated as foreign exchange risks are assessed as relatively less attractive. Foreign exchange risk is managed by ongoing monitoring of portfolio exposures relative to the Funds' investment guidelines.

When the investment manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Funds, the investment manager factors that into its portfolio allocation decisions. While the Funds have direct exposure to foreign exchange rate changes on the price of non Australian dollar denominated securities, it may also be indirectly affected for example, by the impact of foreign exchange rate changes on the earnings of certain companies in which the Funds invest, even if those companies' securities are denominated in Australian dollars.

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

The following tables summarise the Funds' assets and liabilities at fair values and amortised costs, that are denominated in major currencies other than the Australian dollar:

	Infrastructure Value Fund - Hedged					
	US Dollars \$'000	Euros \$'000	British Pound \$'000	Canadian Dollars \$'000	Japanese Yen \$'000	Other Currencies \$'000
<b>30 June 2023</b>						
<b>Assets</b>						
Cash and cash equivalents	–	58	–	–	–	–
Receivables	170	774	–	–	–	51
Accrued income	530	–	1,346	624	–	–
Financial assets at fair value through profit or loss	396,950	265,935	80,100	70,239	50,895	22,812
<b>Total assets</b>	<b>397,650</b>	<b>266,767</b>	<b>81,446</b>	<b>70,863</b>	<b>50,895</b>	<b>22,863</b>
<b>Liabilities</b>						
Due to brokers - payable for securities purchased	5,551	–	–	–	–	–
Financial liabilities at fair value through profit or loss	21,326	6,710	6,985	9,147	–	3,212
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<b>26,877</b>	<b>6,710</b>	<b>6,985</b>	<b>9,147</b>	<b>–</b>	<b>3,212</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	14,486	10,529	28,622	60,164	65,733	1,832
- Sell foreign currency	(376,665)	(271,460)	(105,209)	(118,557)	(115,811)	(19,136)
<b>Net exposure including foreign currency forward contracts</b>	<b>8,594</b>	<b>(874)</b>	<b>(2,126)</b>	<b>3,323</b>	<b>817</b>	<b>2,347</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Infrastructure Value Fund - Hedged					
	US Dollars \$'000	Euros \$'000	Canadian Dollars \$'000	British Pound \$'000	Japanese Yen \$'000	Other Currencies \$'000
30 June 2022						
<b>Assets</b>						
Cash and cash equivalents	–	2	–	18	–	–
Receivables	165	465	63	–	–	48
Accrued income	174	–	439	372	–	–
Due from brokers - receivable for securities sold	14,993	9	–	–	–	–
Financial assets at fair value through profit or loss	468,538	237,882	89,897	45,714	33,931	–
<b>Total assets</b>	<u>483,870</u>	<u>238,358</u>	<u>90,399</u>	<u>46,104</u>	<u>33,931</u>	<u>48</u>
<b>Liabilities</b>						
Due to brokers - payable for securities purchased	8,460	–	9,483	–	–	–
Financial liabilities at fair value through profit or loss	35,363	7,842	2,285	448	–	–
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<u>43,823</u>	<u>7,842</u>	<u>11,768</u>	<u>448</u>	<u>–</u>	<u>–</u>
<b>Net increase/ (decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	95,248	–	3,672	22,905	–	–
- Sell foreign currency	(527,147)	(240,422)	(75,539)	(71,819)	(26,258)	–
<b>Net exposure including foreign currency forward contracts</b>	<u>8,148</u>	<u>(9,906)</u>	<u>6,764</u>	<u>(3,258)</u>	<u>7,673</u>	<u>48</u>

Notes to the financial statements  
For the year ended 30 June 2023

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Infrastructure Income Fund - Hedged					
	US Dollars \$'000	Euros \$'000	British Pound \$'000	Canadian Dollars \$'000	Brazilian Real \$'000	Other Currencies \$'000
<b>30 June 2023</b>						
<b>Assets</b>						
Cash and cash equivalents	182	—	—	—	—	—
Receivables	54	743	—	—	—	—
Accrued income	269	919	3,013	1,042	590	676
Due from brokers - receivable for securities sold	—	11,623	—	10,675	—	—
Financial assets at fair value through profit or loss	460,147	283,013	132,259	114,764	69,817	69,510
<b>Total assets</b>	<b>460,652</b>	<b>296,298</b>	<b>135,272</b>	<b>126,481</b>	<b>70,407</b>	<b>70,186</b>
<b>Liabilities</b>						
Due to brokers - payable for securities purchased	12,372	14,856	3,566	7,116	1,883	1,882
Financial liabilities at fair value through profit or loss	21,814	10,048	10,759	9,592	5,259	—
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<b>34,186</b>	<b>24,904</b>	<b>14,325</b>	<b>16,708</b>	<b>7,142</b>	<b>1,882</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	12,362	12,767	45,924	29,423	1,895	48,227
- Sell foreign currency	(466,999)	(276,926)	(165,322)	(133,488)	(60,911)	(90,110)
<b>Net exposure including foreign currency forward contracts</b>	<b>(28,171)</b>	<b>7,235</b>	<b>1,549</b>	<b>5,708</b>	<b>4,249</b>	<b>26,421</b>



**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Infrastructure Income Fund - Hedged					
	Euros \$'000	US Dollars \$'000	Canadian Dollars \$'000	British Pound \$'000	Brazilian Real \$'000	Other Currencies \$'000
30 June 2022						
<b>Assets</b>						
Cash and cash equivalents	–	286	–	–	–	46
Receivables	439	52	62	–	–	–
Due from brokers - receivable for securities sold	–	–	–	–	–	2,510
Financial assets at fair value through profit or loss	215,753	208,552	106,260	81,986	48,771	24,752
<b>Total assets</b>	<u>216,192</u>	<u>208,890</u>	<u>106,322</u>	<u>81,986</u>	<u>48,771</u>	<u>27,308</u>
<b>Liabilities</b>						
Due to brokers - payable for securities purchased	2,732	2,178	8,671	4,605	688	197
Financial liabilities at fair value through profit or loss	3,316	17,665	2,157	491	54	1,718
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<u>6,048</u>	<u>19,843</u>	<u>10,828</u>	<u>5,096</u>	<u>742</u>	<u>1,915</u>
<b>Net increase/ (decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	2,723	52,078	6,783	4,600	691	197
- Sell foreign currency	(203,006)	(231,731)	(98,029)	(83,168)	(39,874)	(31,109)
<b>Net exposure including foreign currency forward contracts</b>	<u>9,861</u>	<u>9,394</u>	<u>4,248</u>	<u>(1,678)</u>	<u>8,846</u>	<u>(5,519)</u>



Notes to the financial statements  
For the year ended 30 June 2023

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Brazilian Real \$'000	Hong Kong Dollars \$'000	Emerging Markets Fund Mexican Peso \$'000	Indian Rupee \$'000	Indonesian Rupiah \$'000	Other Currencies \$'000
<b>30 June 2023</b>						
<b>Assets</b>						
Cash and cash equivalents	–	–	55	122	–	3
Accrued income	114	353	–	–	–	–
Financial assets at fair value through profit or loss	15,737	10,809	8,364	7,875	3,448	8,930
<b>Total assets</b>	<b>15,851</b>	<b>11,162</b>	<b>8,419</b>	<b>7,997</b>	<b>3,448</b>	<b>8,933</b>
<b>Liabilities</b>						
Payables	–	–	–	229	–	–
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>229</b>	<b>–</b>	<b>–</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	–	–	–	–	–	1
<b>Net exposure including foreign currency forward contracts</b>	<b>15,851</b>	<b>11,162</b>	<b>8,419</b>	<b>7,768</b>	<b>3,448</b>	<b>8,934</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Emerging Markets Fund					
	Hong Kong Dollars \$'000	Mexican Peso \$'000	Brazilian Real \$'000	Indian Rupee \$'000	Indonesian Rupiah \$'000	Other Currencies \$'000
30 June 2022						
<b>Assets</b>						
Cash and cash equivalents	–	49	34	232	–	–
Accrued income	387	–	317	–	–	–
Due from brokers - receivable for securities sold	–	–	–	–	–	107
Financial assets at fair value through profit or loss	21,281	14,753	13,508	11,162	4,235	9,654
<b>Total assets</b>	<u>21,668</u>	<u>14,802</u>	<u>13,859</u>	<u>11,394</u>	<u>4,235</u>	<u>9,761</u>
<b>Liabilities</b>						
Payables	–	–	34	382	–	–
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<u>–</u>	<u>–</u>	<u>34</u>	<u>382</u>	<u>–</u>	<u>–</u>
<b>Net increase/ (decrease) in exposure from foreign currency forward contracts</b>						
- Sell foreign currency	–	–	–	(230)	–	–
<b>Net exposure including foreign currency forward contracts</b>	<u>21,668</u>	<u>14,802</u>	<u>13,825</u>	<u>10,782</u>	<u>4,235</u>	<u>9,761</u>

Notes to the financial statements  
For the year ended 30 June 2023

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Infrastructure Value Fund - Unhedged					
	US Dollars \$'000	Euros \$'000	British Pound \$'000	Canadian Dollars \$'000	Japanese Yen \$'000	Other Currencies \$'000
<b>30 June 2023</b>						
<b>Assets</b>						
Cash and cash equivalents	–	58	–	–	–	–
Financial assets at fair value through profit or loss	356,080	237,713	71,059	60,205	45,640	20,345
<b>Total assets</b>	<u>356,080</u>	<u>237,771</u>	<u>71,059</u>	<u>60,205</u>	<u>45,640</u>	<u>20,345</u>
<b>Liabilities</b>						
Financial liabilities at fair value through profit or loss	3	3	1	1	–	–
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>–</u>	<u>–</u>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	4,866	–	–	–	–	–
- Sell foreign currency	(2,421)	(1,836)	(547)	(442)	(360)	(156)
<b>Net exposure including foreign currency forward contracts</b>	<u>358,522</u>	<u>235,932</u>	<u>70,511</u>	<u>59,762</u>	<u>45,280</u>	<u>20,189</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Infrastructure Value Fund - Unhedged					
	US Dollars \$'000	Euros \$'000	Canadian Dollars \$'000	British Pound \$'000	Japanese Yen \$'000	Other Currencies \$'000
30 June 2022						
<b>Assets</b>						
Cash and cash equivalents	–	1	–	17	–	–
Receivables	209	516	61	–	–	47
Due from brokers - receivable for securities sold	14,301	8	–	–	–	–
Financial assets at fair value through profit or loss	446,513	226,941	85,754	43,375	32,407	–
<b>Total assets</b>	<u>461,023</u>	<u>227,466</u>	<u>85,815</u>	<u>43,392</u>	<u>32,407</u>	<u>47</u>
<b>Liabilities</b>						
Due to brokers - payable for securities purchased	8,070	–	9,046	–	–	–
Financial liabilities at fair value through profit or loss	4	–	–	–	–	–
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<u>8,074</u>	<u>–</u>	<u>9,046</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Net increase/ (decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	8,067	–	3,503	–	–	–
- Sell foreign currency	(14,297)	(8)	–	–	–	–
<b>Net exposure including foreign currency forward contracts</b>	<u>446,719</u>	<u>227,458</u>	<u>80,272</u>	<u>43,392</u>	<u>32,407</u>	<u>47</u>

Notes to the financial statements  
For the year ended 30 June 2023

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Infrastructure Income Fund - Unhedged					
	US Dollars \$'000	Euros \$'000	British Pound \$'000	Canadian Dollars \$'000	Brazilian Real \$'000	Other Currencies \$'000
<b>30 June 2023</b>						
<b>Assets</b>						
Cash and cash equivalents	22	–	–	–	–	–
Accrued income	32	109	355	123	74	81
Due from brokers - receivable for securities sold	–	1,459	–	1,405	–	–
Financial assets at fair value through profit or loss	52,802	32,180	15,101	13,064	7,937	7,974
<b>Total assets</b>	<b>52,856</b>	<b>33,748</b>	<b>15,456</b>	<b>14,592</b>	<b>8,011</b>	<b>8,055</b>
<b>Liabilities</b>						
Due to brokers - payable for securities purchased	–	791	–	640	–	–
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<b>–</b>	<b>791</b>	<b>–</b>	<b>640</b>	<b>–</b>	<b>–</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	–	129	–	550	–	–
- Sell foreign currency	–	(797)	–	(1,117)	–	–
<b>Net exposure including foreign currency forward contracts</b>	<b>52,856</b>	<b>32,289</b>	<b>15,456</b>	<b>13,385</b>	<b>8,011</b>	<b>8,055</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

	Infrastructure Income Fund - Unhedged					
	Euros \$'000	US Dollars \$'000	Canadian Dollars \$'000	British Pound \$'000	Brazilian Real \$'000	Other Currencies \$'000
30 June 2022						
<b>Assets</b>						
Cash and cash equivalents	–	31	–	–	–	10
Receivables	153	53	126	–	–	–
Accrued income	101	–	87	396	240	–
Due from brokers - receivable for securities sold	–	–	–	–	–	520
Financial assets at fair value through profit or loss	43,992	42,641	21,778	16,608	9,931	5,110
<b>Total assets</b>	<u>44,246</u>	<u>42,725</u>	<u>21,991</u>	<u>17,004</u>	<u>10,171</u>	<u>5,640</u>
<b>Liabilities</b>						
Due to brokers - payable for securities purchased	–	–	1,598	817	–	–
<b>Total liabilities (excluding net assets attributable to unitholder)</b>	<u>–</u>	<u>–</u>	<u>1,598</u>	<u>817</u>	<u>–</u>	<u>–</u>
<b>Net increase/ (decrease) in exposure from foreign currency forward contracts</b>						
- Buy foreign currency	–	–	1,208	816	–	–
- Sell foreign currency	–	–	–	–	–	(521)
<b>Net exposure including foreign currency forward contracts</b>	<u>44,246</u>	<u>42,725</u>	<u>21,601</u>	<u>17,003</u>	<u>10,171</u>	<u>5,119</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk

The Funds are not directly subject to interest rate risk as securities held for investment purposes are not typically interest bearing securities.

The following tables summarise the Funds' exposure to interest rate risks. It includes the Funds' assets and liabilities at fair values and amortised costs, categorised by the earlier of contractual repricing or maturity dates.

	Infrastructure Value Fund - Hedged			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>30 June 2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	42,132	—	—	42,132
Receivables	—	—	1,513	1,513
Accrued income	—	—	3,175	3,175
Financial assets at fair value through profit or loss	—	—	935,503	935,503
<b>Total assets</b>	<b>42,132</b>	<b>—</b>	<b>940,191</b>	<b>982,323</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	11,531	11,531
Payables	—	—	1,379	1,379
Due to brokers - payable for securities purchased	—	—	5,551	5,551
Financial liabilities at fair value through profit or loss	—	—	52,586	52,586
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>71,047</b>	<b>71,047</b>
<b>Net assets attributable to unitholders - liability</b>	<b>42,132</b>	<b>—</b>	<b>869,144</b>	<b>911,276</b>
<b>Net exposure</b>	<b>42,132</b>	<b>—</b>	<b>869,144</b>	<b>911,276</b>
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>30 June 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	33,128	—	—	33,128
Receivables	—	—	1,502	1,502
Accrued income	—	—	1,536	1,536
Due from brokers - receivable for securities sold	—	—	15,001	15,001
Financial assets at fair value through profit or loss	—	—	906,644	906,644
<b>Total assets</b>	<b>33,128</b>	<b>—</b>	<b>924,683</b>	<b>957,811</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	72,205	72,205
Payables	—	—	1,883	1,883
Due to brokers - payable for securities purchased	—	—	17,943	17,943
Financial liabilities at fair value through profit or loss	—	—	45,946	45,946
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>137,977</b>	<b>137,977</b>
<b>Net assets attributable to unitholders - liability</b>	<b>33,128</b>	<b>—</b>	<b>786,706</b>	<b>819,834</b>
<b>Net exposure</b>	<b>33,128</b>	<b>—</b>	<b>786,706</b>	<b>819,834</b>

Notes to the financial statements  
For the year ended 30 June 2023

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

	Infrastructure Income Fund - Hedged			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	85,604	—	—	85,604
Receivables	—	—	2,720	2,720
Accrued income	—	—	8,535	8,535
Due from brokers - receivable for securities sold	—	—	22,297	22,297
Financial assets at fair value through profit or loss	—	—	1,239,205	1,239,205
<b>Total assets</b>	<b>85,604</b>	<b>—</b>	<b>1,272,757</b>	<b>1,358,361</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	19,563	19,563
Payables	—	—	1,926	1,926
Due to brokers - payable for securities purchased	—	—	43,780	43,780
Financial liabilities at fair value through profit or loss	—	—	60,119	60,119
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>125,388</b>	<b>125,388</b>
<b>Net assets attributable to unitholders - liability</b>	<b>85,604</b>	<b>—</b>	<b>1,147,369</b>	<b>1,232,973</b>
<b>Net exposure</b>	<b>85,604</b>	<b>—</b>	<b>1,147,369</b>	<b>1,232,973</b>
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2022	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	40,888	—	—	40,888
Receivables	—	—	2,456	2,456
Accrued income	—	—	5,017	5,017
Due from brokers - receivable for securities sold	—	—	2,492	2,492
Financial assets at fair value through profit or loss	—	—	779,703	779,703
<b>Total assets</b>	<b>40,888</b>	<b>—</b>	<b>789,668</b>	<b>830,556</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	37,289	37,289
Payables	—	—	982	982
Due to brokers - payable for securities purchased	—	—	19,555	19,555
Financial liabilities at fair value through profit or loss	—	—	25,415	25,415
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>83,241</b>	<b>83,241</b>
<b>Net assets attributable to unitholders - liability</b>	<b>40,888</b>	<b>—</b>	<b>706,427</b>	<b>747,315</b>
<b>Net exposure</b>	<b>40,888</b>	<b>—</b>	<b>706,427</b>	<b>747,315</b>



**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

	Emerging Markets Fund			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
<b>30 June 2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	954	—	—	954
Receivables	—	—	15	15
Accrued income	—	—	467	467
Financial assets at fair value through profit or loss	—	—	55,163	55,163
<b>Total assets</b>	<b>954</b>	<b>—</b>	<b>55,645</b>	<b>56,599</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	910	910
Payables	—	—	294	294
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>1,204</b>	<b>1,204</b>
<b>Net assets attributable to unitholders - equity</b>	<b>954</b>	<b>—</b>	<b>54,441</b>	<b>55,395</b>
<b>Net exposure</b>	<b>954</b>	<b>—</b>	<b>54,441</b>	<b>55,395</b>
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
<b>30 June 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,664	—	—	2,664
Receivables	—	—	19	19
Accrued income	—	—	704	704
Due from brokers - receivable for securities sold	—	—	107	107
Financial assets at fair value through profit or loss	—	—	74,594	74,594
<b>Total assets</b>	<b>2,664</b>	<b>—</b>	<b>75,424</b>	<b>78,088</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	1,178	1,178
Payables	—	—	497	497
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>1,675</b>	<b>1,675</b>
<b>Net assets attributable to unitholders - equity</b>	<b>2,664</b>	<b>—</b>	<b>73,749</b>	<b>76,413</b>
<b>Net exposure</b>	<b>2,664</b>	<b>—</b>	<b>73,749</b>	<b>76,413</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

	Infrastructure Value Fund - Unhedged			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	33,007	—	—	33,007
Receivables	—	—	1,711	1,711
Accrued income	—	—	2,863	2,863
Due from brokers - receivable for securities sold	—	—	6,071	6,071
Financial assets at fair value through profit or loss	—	—	830,443	830,443
<b>Total assets</b>	<b>33,007</b>	<b>—</b>	<b>841,088</b>	<b>874,095</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	61,433	61,433
Payables	—	—	2,695	2,695
Due to brokers - payable for securities purchased	—	—	4,838	4,838
Financial liabilities at fair value through profit or loss	—	—	36	36
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>69,002</b>	<b>69,002</b>
<b>Net assets attributable to unitholders - liability</b>	<b>33,007</b>	<b>—</b>	<b>772,086</b>	<b>805,093</b>
<b>Net exposure</b>	<b>33,007</b>	<b>—</b>	<b>772,086</b>	<b>805,093</b>
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2022	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	37,594	—	—	37,594
Receivables	—	—	1,295	1,295
Accrued income	—	—	1,465	1,465
Due from brokers - receivable for securities sold	—	—	14,310	14,310
Financial assets at fair value through profit or loss	—	—	864,044	864,044
<b>Total assets</b>	<b>37,594</b>	<b>—</b>	<b>881,114</b>	<b>918,708</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	35,546	35,546
Payables	—	—	1,352	1,352
Due to brokers - payable for securities purchased	—	—	17,116	17,116
Financial liabilities at fair value through profit or loss	—	—	11	11
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>54,025</b>	<b>54,025</b>
<b>Net assets attributable to unitholders - liability</b>	<b>37,594</b>	<b>—</b>	<b>827,089</b>	<b>864,683</b>
<b>Net exposure</b>	<b>37,594</b>	<b>—</b>	<b>827,089</b>	<b>864,683</b>

Notes to the financial statements  
For the year ended 30 June 2023

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

	Infrastructure Income Fund - Unhedged			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	5,667	—	—	5,667
Receivables	—	—	290	290
Accrued income	—	—	1,016	1,016
Due from brokers - receivable for securities sold	—	—	2,864	2,864
Financial assets at fair value through profit or loss	—	—	141,439	141,439
<b>Total assets</b>	<b>5,667</b>	<b>—</b>	<b>145,609</b>	<b>151,276</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	3,319	3,319
Payables	—	—	19	19
Due to brokers - payable for securities purchased	—	—	1,431	1,431
Financial liabilities at fair value through profit or loss	—	—	2	2
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>4,771</b>	<b>4,771</b>
<b>Net assets attributable to unitholders - liability</b>	<b>5,667</b>	<b>—</b>	<b>140,838</b>	<b>146,505</b>
<b>Net exposure</b>	<b>5,667</b>	<b>—</b>	<b>140,838</b>	<b>146,505</b>
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2022	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	4,551	—	—	4,551
Receivables	—	—	335	335
Accrued income	—	—	1,069	1,069
Due from brokers - receivable for securities sold	—	—	520	520
Financial assets at fair value through profit or loss	—	—	157,952	157,952
<b>Total assets</b>	<b>4,551</b>	<b>—</b>	<b>159,876</b>	<b>164,427</b>
<b>Financial liabilities</b>				
Distribution payable	—	—	13,888	13,888
Payables	—	—	13	13
Due to brokers - payable for securities purchased	—	—	2,415	2,415
Financial liabilities at fair value through profit or loss	—	—	2	2
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>—</b>	<b>—</b>	<b>16,318</b>	<b>16,318</b>
<b>Net assets attributable to unitholders - liability</b>	<b>4,551</b>	<b>—</b>	<b>143,558</b>	<b>148,109</b>
<b>Net exposure</b>	<b>4,551</b>	<b>—</b>	<b>143,558</b>	<b>148,109</b>

### 3 Financial risk management (continued)

#### (b) Value-at-Risk ("VaR")

VaR is a statistical technique that attempts to summarise the exposure of a given portfolio to market risk by making assumptions about the expected probability distribution of future portfolio returns. VaR represents the maximum reasonable loss that an investor could expect during a time period, with a given probability.

In order to estimate this future market risk, VaR assumes a normal or "bell shaped" curve of future portfolio returns and uses the unique characteristics of the normal distribution-primarily symmetry of future returns both higher and lower than the average future return to estimate the amount of the possible future losses.

To calculate VaR, the Responsible Entity uses the historic price volatility and correlations of current portfolio holdings to calculate both the historic average return and the historic standard deviation of returns around the average. These statistics are then extrapolated into the future using the assumption of normal distribution to calculate an expected loss if the future portfolio return volatility behaves according to these assumptions.

The VaR calculation presented here for the Funds use a 99% confidence interval and assumes a 3-month holding period.

#### Assumptions and limitations of VaR

The calculation process involves gathering the historical price volatility and correlations of the current portfolio holdings to arrive at an estimate of predicted future volatility and expected risk of loss.

These limitations and the nature of the VaR measures mean that the Funds can neither guarantee that losses will not exceed the VaR amounts indicated nor that losses in excess of the VaR amounts will not occur more frequently than is stipulated by the model.

VaR represents the probable expected loss that could be experienced during a given period - not the maximum loss that an investor could experience.

It must be noted however that while the VaR model is an important and valuable risk management tool, it cannot and does not take account of all possible market conditions and extremities that may impact market price risk. For further information regarding market price risk and other risk factors please refer to the Funds' Information Memorandum and Product Disclosure Statement or speak to your financial advisor.

The following table summarises the estimated market risk impact to the profitability of the Funds. The estimated impact has been calculated on the basis of a VaR number incorporating market price, currency and interest rate factors into an overall return risk.

Infrastructure Value Fund - Hedged	VaR Factor	Net assets attributable to unitholders \$'000	Estimated impact of net assets attributable to unitholders \$'000
	%		
30 June 2023	5.44	911,276	49,573
30 June 2022	5.33	819,834	43,697
Infrastructure Income Fund - Hedged	VaR Factor	Net assets attributable to unitholders \$'000	Estimated impact of net assets attributable to unitholders \$'000
	%		
30 June 2023	5.11	1,232,973	63,005
30 June 2022	4.38	747,315	32,732
Emerging Markets Fund	VaR Factor	Net assets attributable to unitholders \$'000	Estimated impact of net assets attributable to unitholders \$'000
	%		
30 June 2023	5.85	55,395	3,241
30 June 2022	5.03	76,413	3,844
Infrastructure Value Fund - Unhedged	VaR Factor	Net assets attributable to unitholders \$'000	Estimated impact of net assets attributable to unitholders \$'000
	%		
30 June 2023	5.36	805,093	43,153
30 June 2022	4.71	864,683	40,727
Infrastructure Income Fund - Unhedged	VaR Factor	Net assets attributable to unitholders \$'000	Estimated impact of net assets attributable to unitholders \$'000
	%		
30 June 2023	5.22	146,505	7,648
30 June 2022	4.11	148,109	6,087

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (c) Credit risk

The Funds are not directly subject to credit risk as securities held for investment purposes are not typically debt securities.

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

There were no significant concentrations of credit risk to counterparties at 30 June 2023 or 30 June 2022. The maximum exposure at the end of each financial year is the carrying amount of financial assets. This also relates to financial assets carried at amortised cost, as they have a short term to maturity. None of these assets are impaired nor past due but not impaired.

#### (d) Liquidity risk

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

The Funds are exposed to daily cash redemptions of redeemable units. The Funds primarily hold investments that are traded in active markets and can be readily disposed.

Units are redeemed on demand at the unitholder's option. However, the directors of the Responsible Entity do not envisage that the contractual maturity disclosed in the following tables will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Responsible Entity monitors liquidity of the Funds on a daily basis. In order to manage the Funds' overall liquidity, the Funds have the ability to suspend unit pricing and hence suspend redemption requests. The Funds did not suspend redemptions as a result of suspending unit pricing in the current or prior year.

The following tables analyse the Funds' non-derivative financial liabilities into relevant maturity groupings based on the financial year end to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

	<b>Infrastructure Value Fund - Hedged</b>				
	<b>Less than 1 month \$'000</b>	<b>1 - 6 months \$'000</b>	<b>6 - 12 months \$'000</b>	<b>Over 12 months \$'000</b>	<b>Total \$'000</b>
<b>30 June 2023</b>					
Financial liabilities at fair value through profit or loss	24,216	28,370	–	–	52,586
Distribution payable	11,531	–	–	–	11,531
Payables	1,379	–	–	–	1,379
Due to brokers - payable for securities purchased	5,551	–	–	–	5,551
Net assets attributable to unitholders	911,276	–	–	–	911,276
<b>Total</b>	<b>953,953</b>	<b>28,370</b>	<b>–</b>	<b>–</b>	<b>982,323</b>
<b>30 June 2022</b>					
Financial liabilities at fair value through profit or loss	17,256	28,690	–	–	45,946
Distribution payable	72,205	–	–	–	72,205
Payables	1,883	–	–	–	1,883
Due to brokers - payable for securities purchased	17,943	–	–	–	17,943
Net assets attributable to unitholders	819,834	–	–	–	819,834
<b>Total</b>	<b>929,121</b>	<b>28,690</b>	<b>–</b>	<b>–</b>	<b>957,811</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

30 June 2023	Infrastructure Income Fund - Hedged				
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	26,231	33,888	—	—	60,119
Distribution payable	19,563	—	—	—	19,563
Payables	1,926	—	—	—	1,926
Due to brokers - payable for securities purchased	43,780	—	—	—	43,780
Net assets attributable to unitholders	1,232,973	—	—	—	1,232,973
<b>Total</b>	<b>1,324,473</b>	<b>33,888</b>	<b>—</b>	<b>—</b>	<b>1,358,361</b>

30 June 2022	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	6,656	18,759	—	—	25,415
Distribution payable	37,289	—	—	—	37,289
Payables	982	—	—	—	982
Due to brokers - payable for securities purchased	19,555	—	—	—	19,555
Net assets attributable to unitholders	747,315	—	—	—	747,315
<b>Total</b>	<b>811,797</b>	<b>18,759</b>	<b>—</b>	<b>—</b>	<b>830,556</b>

30 June 2023	Emerging Markets Fund				
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	910	—	—	—	910
Payables	294	—	—	—	294
<b>Total</b>	<b>1,204</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,204</b>

30 June 2022	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	1,178	—	—	—	1,178
Payables	497	—	—	—	497
<b>Total</b>	<b>1,675</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,675</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

30 June 2023	Infrastructure Value Fund - Unhedged				Total \$'000
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	
Financial liabilities at fair value through profit or loss	36	—	—	—	36
Distribution payable	61,433	—	—	—	61,433
Payables	2,695	—	—	—	2,695
Due to brokers - payable for securities purchased	4,838	—	—	—	4,838
Net assets attributable to unitholders	805,093	—	—	—	805,093
<b>Total</b>	<b>874,095</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>874,095</b>

30 June 2022	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	11	—	—	—	11
Distribution payable	35,546	—	—	—	35,546
Payables	1,352	—	—	—	1,352
Due to brokers - payable for securities purchased	17,116	—	—	—	17,116
Net assets attributable to unitholders	864,683	—	—	—	864,683
<b>Total</b>	<b>918,708</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>918,708</b>

30 June 2023	Infrastructure Income Fund - Unhedged				Total \$'000
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	
Financial liabilities at fair value through profit or loss	2	—	—	—	2
Distribution payable	3,319	—	—	—	3,319
Payables	19	—	—	—	19
Due to brokers - payable for securities purchased	1,431	—	—	—	1,431
Net assets attributable to unitholders	146,505	—	—	—	146,505
<b>Total</b>	<b>151,276</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>151,276</b>

30 June 2022	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	2	—	—	—	2
Distribution payable	13,888	—	—	—	13,888
Payables	13	—	—	—	13
Due to brokers - payable for securities purchased	2,415	—	—	—	2,415
Net assets attributable to unitholders	148,109	—	—	—	148,109
<b>Total</b>	<b>164,427</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>164,427</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

#### 4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have a right to be offset under certain circumstances in the balance sheets are disclosed in the first three columns of the tables below:

<b>Infrastructure Value Fund - Hedged</b>						
<b>Effects of offsetting on the balance sheet</b>			<b>Related amounts not offset</b>			
	<b>Gross amounts of financial assets and liabilities \$'000</b>	<b>Gross amounts set off in the balance sheet \$'000</b>	<b>Net amount of financial assets and liabilities presented in the balance sheet \$'000</b>	<b>Amount subject to master netting arrangements \$'000</b>	<b>Cash collateral pledged \$'000</b>	<b>Net amount \$'000</b>
<b>30 June 2023</b>						
<b>Financial assets</b>						
Derivatives financial instruments (i)	8,743	(728)	8,015	(8,015)	–	–
<b>Total</b>	<u>8,743</u>	<u>(728)</u>	<u>8,015</u>	<u>(8,015)</u>	<u>–</u>	<u>–</u>
<b>Financial liabilities</b>						
Derivatives financial instruments (i)	52,586	(728)	51,858	(8,015)	–	43,843
<b>Total</b>	<u>52,586</u>	<u>(728)</u>	<u>51,858</u>	<u>(8,015)</u>	<u>–</u>	<u>43,843</u>

<b>Effects of offsetting on the balance sheet</b>			<b>Related amounts not offset</b>			
	<b>Gross amounts of financial assets and liabilities \$'000</b>	<b>Gross amounts set off in the balance sheet \$'000</b>	<b>Net amount of financial assets and liabilities presented in the balance sheet \$'000</b>	<b>Amount subject to master netting arrangements \$'000</b>	<b>Cash collateral pledged \$'000</b>	<b>Net amount \$'000</b>
<b>30 June 2022</b>						
<b>Financial assets</b>						
Derivatives financial instruments (i)	908	(224)	684	(684)	–	–
<b>Total</b>	<u>908</u>	<u>(224)</u>	<u>684</u>	<u>(684)</u>	<u>–</u>	<u>–</u>
<b>Financial liabilities</b>						
Derivatives financial instruments (i)	45,946	(224)	45,722	(684)	–	45,038
<b>Total</b>	<u>45,946</u>	<u>(224)</u>	<u>45,722</u>	<u>(684)</u>	<u>–</u>	<u>45,038</u>



Notes to the financial statements  
For the year ended 30 June 2023

#### 4 Offsetting financial assets and financial liabilities (continued)

Infrastructure Income Fund - Hedged						
Effects of offsetting on the balance sheet			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
<b>30 June 2023</b>						
<b>Financial assets</b>						
Derivatives financial instruments (i)	5,057	(3,332)	1,725	(1,725)	—	—
<b>Total</b>	<u>5,057</u>	<u>(3,332)</u>	<u>1,725</u>	<u>(1,725)</u>	<u>—</u>	<u>—</u>
<b>Financial liabilities</b>						
Derivatives financial instruments (i)	60,119	(3,332)	56,787	(1,725)	—	55,062
<b>Total</b>	<u>60,119</u>	<u>(3,332)</u>	<u>56,787</u>	<u>(1,725)</u>	<u>—</u>	<u>55,062</u>

Effects of offsetting on the balance sheet			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
<b>30 June 2022</b>						
<b>Financial assets</b>						
Derivatives financial instruments (i)	5,981	(841)	5,140	(5,140)	—	—
<b>Total</b>	<u>5,981</u>	<u>(841)</u>	<u>5,140</u>	<u>(5,140)</u>	<u>—</u>	<u>—</u>
<b>Financial liabilities</b>						
Derivatives financial instruments (i)	25,415	(841)	24,574	(5,140)	—	19,434
<b>Total</b>	<u>25,415</u>	<u>(841)</u>	<u>24,574</u>	<u>(5,140)</u>	<u>—</u>	<u>19,434</u>

Infrastructure Value Fund - Unhedged						
Effects of offsetting on the balance sheet			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
<b>30 June 2023</b>						
<b>Financial assets</b>						
Derivatives financial instruments (i)	2	(2)	—	—	—	—
<b>Total</b>	<u>2</u>	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Financial liabilities</b>						
Derivatives financial instruments (i)	36	(2)	33	—	—	33
<b>Total</b>	<u>36</u>	<u>(2)</u>	<u>33</u>	<u>—</u>	<u>—</u>	<u>33</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

#### 4 Offsetting financial assets and financial liabilities (continued)

##### Infrastructure Value Fund - Unhedged

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2022						
<b>Financial assets</b>						
Derivatives financial instruments (i)	2	—	2	(2)	—	—
<b>Total</b>	<u>2</u>	<u>—</u>	<u>2</u>	<u>(2)</u>	<u>—</u>	<u>—</u>
<b>Financial liabilities</b>						
Derivatives financial instruments (i)	11	—	11	(2)	—	8
<b>Total</b>	<u>11</u>	<u>—</u>	<u>11</u>	<u>(2)</u>	<u>—</u>	<u>8</u>

##### Infrastructure Income Fund - Unhedged

	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Net amount \$'000
30 June 2023					
<b>Financial assets</b>					
Derivatives financial instruments	5	—	5	(2)	3
<b>Total</b>	<u>5</u>	<u>—</u>	<u>5</u>	<u>(2)</u>	<u>3</u>
<b>Financial liabilities</b>					
Derivatives financial instruments	2	—	2	(2)	—
<b>Total</b>	<u>2</u>	<u>—</u>	<u>2</u>	<u>(2)</u>	<u>—</u>

	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Net amount \$'000
30 June 2022					
<b>Financial assets</b>					
Derivatives financial instruments	2	—	2	(2)	—
<b>Total</b>	<u>2</u>	<u>—</u>	<u>2</u>	<u>(2)</u>	<u>—</u>
<b>Financial liabilities</b>					
Derivatives financial instruments	2	—	2	(2)	—
<b>Total</b>	<u>2</u>	<u>—</u>	<u>2</u>	<u>(2)</u>	<u>—</u>

## 4 Offsetting financial assets and financial liabilities (continued)

### Emerging Markets Fund

There were no derivatives within the financial assets and liabilities for Emerging Markets Fund during the year ended 30 June 2023 and 30 June 2022.

#### *(i) Master netting arrangement - not currently enforceable*

As the Funds do not presently have the legally enforceable right of set-off, these amounts have not been offset in the balance sheets, but have been presented separately in the above tables.

## 5 Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis;

- Financial assets/liabilities at fair value through profit or loss (see note 6 and 7); and
- Derivative financial instruments (see note 8).

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current financial year.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

#### *(i) Fair value in an active market (level 1)*

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

The Funds value their investments in accordance with the accounting policies set out in note 2 of the financial statements. For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The market price used for financial assets held by the Funds is the current last price; the market price used for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply this last or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### *(ii) Fair value in an inactive or unquoted market (level 2 and level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the financial year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the financial year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the financial year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 5 Fair value measurement (continued)

### *Recognised fair value measurements*

The following tables present the Funds' assets and liabilities measured and recognised at fair value as at 30 June 2023 and 30 June 2022:

<b>Infrastructure Value Fund - Hedged</b>				
<b>At 30 June 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	–	8,743	–	8,743
Listed equities	843,150	–	–	843,150
Listed unit trusts	83,610	–	–	83,610
<b>Total</b>	<b>926,760</b>	<b>8,743</b>	<b>–</b>	<b>935,503</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	–	52,586	–	52,586
<b>Total</b>	<b>–</b>	<b>52,586</b>	<b>–</b>	<b>52,586</b>
<b>At 30 June 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	–	908	–	908
Listed equities	783,597	23,701	–	807,298
Listed unit trusts	98,438	–	–	98,438
<b>Total</b>	<b>882,035</b>	<b>24,609</b>	<b>–</b>	<b>906,644</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	–	45,946	–	45,946
<b>Total</b>	<b>–</b>	<b>45,946</b>	<b>–</b>	<b>45,946</b>
<b>Infrastructure Income Fund - Hedged</b>				
<b>At 30 June 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	–	5,057	–	5,057
Listed equities	1,054,068	–	–	1,054,068
Listed unit trusts	180,080	–	–	180,080
<b>Total</b>	<b>1,234,148</b>	<b>5,057</b>	<b>–</b>	<b>1,239,205</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	–	60,119	–	60,119
<b>Total</b>	<b>–</b>	<b>60,119</b>	<b>–</b>	<b>60,119</b>
<b>At 30 June 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	–	5,981	–	5,981
Listed equities	660,053	–	–	660,053
Listed unit trusts	113,669	–	–	113,669
<b>Total</b>	<b>773,722</b>	<b>5,981</b>	<b>–</b>	<b>779,703</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	–	25,415	–	25,415
<b>Total</b>	<b>–</b>	<b>25,415</b>	<b>–</b>	<b>25,415</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 5 Fair value measurement (continued)

*Recognised fair value measurements (continued)*

<b>Emerging Markets Fund</b>				
<b>At 30 June 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equities	53,434	–	–	53,434
Listed unit trusts	1,729	–	–	1,729
<b>Total</b>	<b>55,163</b>	<b>–</b>	<b>–</b>	<b>55,163</b>
<b>At 30 June 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Financial assets at fair value through profit or loss				
Listed equities	71,703	–	–	71,703
Listed unit trusts	2,891	–	–	2,891
<b>Total</b>	<b>74,594</b>	<b>–</b>	<b>–</b>	<b>74,594</b>
<b>Infrastructure Value Fund - Unhedged</b>				
<b>At 30 June 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equities	755,662	–	–	755,662
Listed unit trusts	74,779	–	–	74,779
Foreign currency contracts	–	2	–	2
<b>Total</b>	<b>830,441</b>	<b>2</b>	<b>–</b>	<b>830,443</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	–	36	–	36
<b>Total</b>	<b>–</b>	<b>36</b>	<b>–</b>	<b>36</b>
<b>At 30 June 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Financial assets at fair value through profit or loss				
Listed equities	770,140	–	–	770,140
Listed unit trusts	93,902	–	–	93,902
Foreign currency contracts	–	2	–	2
<b>Total</b>	<b>864,042</b>	<b>2</b>	<b>–</b>	<b>864,044</b>
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	–	11	–	11
<b>Total</b>	<b>–</b>	<b>11</b>	<b>–</b>	<b>11</b>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 5 Fair value measurement (continued)

*Recognised fair value measurements (continued)*

<b>Infrastructure Income Fund - Unhedged</b>				
<b>At 30 June 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	–	5	–	5
Listed equities	120,577	–	–	120,577
Listed unit trusts	20,857	–	–	20,857
<b>Total</b>	<b>141,434</b>	<b>5</b>	<b>–</b>	<b>141,439</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	–	2	–	2
<b>Total</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>
<b>At 30 June 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	–	2	–	2
Listed equities	134,763	–	–	134,763
Listed unit trusts	23,187	–	–	23,187
<b>Total</b>	<b>157,950</b>	<b>2</b>	<b>–</b>	<b>157,952</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	–	2	–	2
<b>Total</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

*(iii) Transfers between levels*

There were no transfers between levels during the financial year ended 30 June 2023 and 30 June 2022.

*(iv) Movement in level 3 instruments*

There were no investments classified as level 3 within the Funds as at 30 June 2023 and 30 June 2022.

*(v) Fair value of financial instruments not carried at fair value*

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 in the current or prior financial year.

Notes to the financial statements  
For the year ended 30 June 2023

## 6 Financial assets at fair value through profit or loss

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Emerging Markets Fund	
	As at		As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Financial assets at fair value through profit or loss</b>						
Derivatives	8,743	908	5,057	5,981	–	–
Equity securities	843,150	807,298	1,054,068	660,053	53,434	71,703
Listed unit trusts	83,610	98,438	180,080	113,669	1,729	2,891
<b>Total financial assets at fair value through profit or loss</b>	<b>935,503</b>	<b>906,644</b>	<b>1,239,205</b>	<b>779,703</b>	<b>55,163</b>	<b>74,594</b>
<b>Comprising:</b>						
<b>Derivatives</b>						
Forward currency contracts	8,743	908	5,057	5,981	–	–
<b>Total derivatives</b>	<b>8,743</b>	<b>908</b>	<b>5,057</b>	<b>5,981</b>	<b>–</b>	<b>–</b>
<b>Equity securities</b>						
International equity securities listed on a prescribed stock exchange	843,150	807,298	1,054,068	660,053	53,434	71,703
<b>Total equity securities</b>	<b>843,150</b>	<b>807,298</b>	<b>1,054,068</b>	<b>660,053</b>	<b>53,434</b>	<b>71,703</b>
<b>Listed unit trusts</b>						
Australian listed trusts	43,834	30,458	106,325	87,923	–	–
International listed trusts	–	–	–	–	1,729	–
International listed property trusts	39,776	67,980	73,755	25,746	–	2,891
<b>Total listed unit trusts</b>	<b>83,610</b>	<b>98,438</b>	<b>180,080</b>	<b>113,669</b>	<b>1,729</b>	<b>2,891</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>935,503</b>	<b>906,644</b>	<b>1,239,205</b>	<b>779,703</b>	<b>55,163</b>	<b>74,594</b>

Notes to the financial statements  
For the year ended 30 June 2023

## 6 Financial assets at fair value through profit or loss (continued)

	Infrastructure Value Fund - Unhedged		Infrastructure Income Fund - Unhedged	
	As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Financial assets at fair value through profit or loss</b>				
Derivatives	2	2	5	2
Equity securities	755,662	770,140	120,577	134,763
Listed unit trusts	74,779	93,902	20,857	23,187
<b>Total financial assets at fair value through profit or loss</b>	<b>830,443</b>	<b>864,044</b>	<b>141,439</b>	<b>157,952</b>
<b>Comprising:</b>				
<b>Derivatives</b>				
Forward currency contracts	2	2	5	2
<b>Total derivatives</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>2</b>
<b>Equity securities</b>				
International equity securities listed on a prescribed stock exchange	755,662	770,140	120,577	134,763
<b>Total equity securities</b>	<b>755,662</b>	<b>770,140</b>	<b>120,577</b>	<b>134,763</b>
<b>Listed unit trusts</b>				
Australian listed trusts	39,400	29,054	12,375	17,891
International listed property trusts	35,379	64,848	8,482	5,296
<b>Total listed unit trusts</b>	<b>74,779</b>	<b>93,902</b>	<b>20,857</b>	<b>23,187</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>830,443</b>	<b>864,044</b>	<b>141,439</b>	<b>157,952</b>

An overview of the risk exposure and fair value measurements relating to financial assets at fair value through profit or loss is included in notes 3 and 5 to the financial statements.



**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 7 Financial liabilities at fair value through profit or loss

	Infrastructure Value Fund - Hedged		Infrastructure Income Fund - Hedged		Emerging Markets Fund	
	As at		As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Financial liabilities at fair value through profit or loss</b>						
Derivatives	52,586	45,946	60,119	25,415	–	–
<b>Total financial liabilities at fair value through profit or loss</b>	<b>52,586</b>	<b>45,946</b>	<b>60,119</b>	<b>25,415</b>	<b>–</b>	<b>–</b>
<b>Comprising:</b>						
<b>Derivatives</b>						
Forward currency contracts	52,586	45,946	60,119	25,415	–	–
<b>Total derivatives</b>	<b>52,586</b>	<b>45,946</b>	<b>60,119</b>	<b>25,415</b>	<b>–</b>	<b>–</b>
<b>Total financial liabilities at fair value through profit or loss</b>	<b>52,586</b>	<b>45,946</b>	<b>60,119</b>	<b>25,415</b>	<b>–</b>	<b>–</b>

	Infrastructure Value Fund - Unhedged		Infrastructure Income Fund - Unhedged	
	As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Financial liabilities at fair value through profit or loss</b>				
Derivatives	36	11	2	2
<b>Total financial liabilities at fair value through profit or loss</b>	<b>36</b>	<b>11</b>	<b>2</b>	<b>2</b>
<b>Comprising:</b>				
<b>Derivatives</b>				
Forward currency contracts	36	11	2	2
<b>Total derivatives</b>	<b>36</b>	<b>11</b>	<b>2</b>	<b>2</b>
<b>Total financial liabilities at fair value through profit or loss</b>	<b>36</b>	<b>11</b>	<b>2</b>	<b>2</b>

An overview of the risk exposure and fair value measurements relating to financial liabilities at fair value through profit or loss is included in notes 3 and 5 to the financial statements.

## 8 Derivative financial instruments

In the normal course of business the Funds enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 8 Derivative financial instruments (continued)

Derivative transactions include many different instruments such as forwards and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Funds against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a Funds. Gearing a Funds would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

The Funds hold the following derivative financial instruments:

### Forward currency contracts

Forward currency contracts are primarily used by the Funds to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing last price at the end of each financial year. The Funds recognise a gain or loss equal to the change in fair value at the end of each financial year.

The Funds' derivative financial instruments at financial year end are detailed below:

Infrastructure Value Fund - Hedged						
	30 June 2023				30 June 2022	
	Fair Values				Fair Values	
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	1,188,203	8,743	52,586	1,063,011	908	45,946
	1,188,203	8,743	52,586	1,063,011	908	45,946

Infrastructure Income Fund - Hedged						
	30 June 2023			30 June 2022		
	Fair Values			Fair Values		
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	<u>1,344,354</u>	<u>5,057</u>	<u>60,119</u>	<u>753,988</u>	<u>5,981</u>	<u>25,415</u>
	<u>1,344,354</u>	<u>5,057</u>	<u>60,119</u>	<u>753,988</u>	<u>5,981</u>	<u>25,415</u>

Emerging Markets Fund						
	30 June 2023			30 June 2022		
	Fair Values			Fair Values		
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	1	–	–	230	–	–
	1	–	–	230	–	–

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 8 Derivative financial instruments (continued)

### Forward currency contracts (continued)

Infrastructure Value Fund - Unhedged						
	30 June 2023			30 June 2022		
	Fair Values			Fair Values		
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	10,628	2	36	25,876	2	11
	10,628	2	36	25,876	2	11

Infrastructure Income Fund - Unhedged						
30 June 2023			30 June 2022			
Fair Values			Fair Values			
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	2,594	5	2	2,544	2	2
	2,594	5	2	2,544	2	2

### Risk exposures and fair value measurements

Information about the Funds' exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in note 3 to the financial statements. The maximum exposure of the derivative to credit risk at the end of the financial year is the carrying amount of each class of derivative financial instruments disclosed above.

## 9 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements.

The Funds consider all investment funds to be structured entities. The Funds invest in managed funds for the purpose of capital appreciation and/or earning investment income.

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 Funds. Such interests include holdings of units in a unit trust.

The nature and extent of the Funds' interest in structured entities are summarised in notes 6 and 15.

## 10 Net assets attributable to unitholders - equity/liability

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Otherwise the financial instrument should be disclosed as a liability.

Net assets attributable to unitholders of Infrastructure Income Fund - Hedged remain disclosed as a liability as its multi-class structure means it has not met the strict criteria for recognition as equity, despite its election into the AMIT tax regime.

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 10 Net assets attributable to unitholders - equity/liability (continued)

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

	<b>Infrastructure Value Fund - Hedged</b>			
	<b>As at</b>			
	<b>30 June 2023</b>		<b>30 June 2022</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
<b>A Class</b>				
Opening balance	717,464	715,841	718,250	740,287
Applications	214,753	217,582	159,606	174,585
Redemptions	(127,400)	(129,223)	(166,976)	(183,702)
Units issued upon reinvestment of distributions	5,856	5,823	6,584	6,921
Increase/(decrease) in net assets attributable to unitholders	—	(63)	—	(22,250)
Closing balance	<u>810,673</u>	<u>809,960</u>	<u>717,464</u>	<u>715,841</u>
<b>C Class</b>				
Opening balance	22,942	22,375	33,198	33,386
Applications	1,964	1,948	2,634	2,762
Redemptions	(6,007)	(5,952)	(12,890)	(13,750)
Increase/(decrease) in net assets attributable to unitholders	—	101	—	(23)
Closing balance	<u>18,899</u>	<u>18,472</u>	<u>22,942</u>	<u>22,375</u>
<b>I Class</b>				
Opening balance	83,161	81,618	84,862	85,523
Applications	884	873	2,738	2,840
Redemptions	(8,708)	(8,712)	(13,265)	(14,120)
Units issued upon reinvestment of distributions	9,610	9,402	8,826	9,101
Increase/(decrease) in net assets attributable to unitholders	—	(337)	—	(1,726)
Closing balance	<u>84,947</u>	<u>82,844</u>	<u>83,161</u>	<u>81,618</u>
Total		<u>911,276</u>		<u>819,834</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 10 Net assets attributable to unitholders - equity/liability (continued)

<b>Infrastructure Income Fund - Hedged</b>				
<b>As at</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
<b>A Class</b>				
Opening balance	245,136	367,050	120,664	169,390
Applications	358,621	520,526	160,162	248,158
Redemptions	(58,831)	(84,438)	(35,914)	(55,690)
Units issued upon reinvestment of distributions	306	444	224	335
Increase/(decrease) in net assets attributable to unitholders	—	(55,474)	—	4,857
Closing balance	<u>545,232</u>	<u>748,108</u>	<u>245,136</u>	<u>367,050</u>
<b>B Class</b>				
Opening balance	344,307	376,681	228,471	234,460
Applications	127,245	133,117	150,970	170,864
Redemptions	(38,814)	(41,120)	(37,444)	(42,376)
Units issued upon reinvestment of distributions	2,042	2,170	2,310	2,501
Increase/(decrease) in net assets attributable to unitholders	—	(35,164)	—	11,232
Closing balance	<u>434,780</u>	<u>435,684</u>	<u>344,307</u>	<u>376,681</u>
<b>C Class</b>				
Opening balance	2,389	3,584	—	—
Applications	35,855	51,683	2,699	4,137
Redemptions	(2,359)	(3,349)	(310)	(495)
Increase/(decrease) in net assets attributable to unitholders	—	(2,737)	—	(58)
Closing balance	<u>35,885</u>	<u>49,181</u>	<u>2,389</u>	<u>3,584</u>
Total		<u>1,232,973</u>		<u>747,315</u>

<b>Emerging Markets Fund</b>				
<b>As at</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	45,176	76,413	74,476	128,955
Applications	935	1,545	3,396	5,782
Redemptions	(17,323)	(30,369)	(33,453)	(57,198)
Units issued upon reinvestment of distributions	1,226	2,026	757	1,300
Distributions paid and payable	—	(1,920)	—	(2,029)
Profit/(loss) for the year	—	7,700	—	(397)
Closing balance	<u>30,014</u>	<u>55,395</u>	<u>45,176</u>	<u>76,413</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 10 Net assets attributable to unitholders - equity/liability (continued)

<b>Infrastructure Value Fund - Unhedged</b>				
<b>As at</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
<b>A Class</b>				
Opening balance	660,611	864,683	653,621	829,414
Applications	147,307	195,242	118,627	160,586
Redemptions	(171,283)	(227,988)	(118,513)	(160,230)
Units issued upon reinvestment of distributions	10,082	13,011	6,876	9,121
Increase/(decrease) in net assets attributable to unitholders	—	(39,855)	—	25,792
Closing balance	<u>646,717</u>	<u>805,093</u>	<u>660,611</u>	<u>864,683</u>
<b>C Class</b>				
Opening balance	—	—	—	—
Closing balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total</b>		<u>805,093</u>		<u>864,683</u>

<b>Infrastructure Income Fund - Unhedged</b>				
<b>As at</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
<b>A Class</b>				
Opening balance	14,905	14,736	88	90
Applications	12,693	11,806	19,500	21,446
Redemptions	(2,365)	(2,182)	(5,615)	(6,195)
Units issued upon reinvestment of distributions	416	394	932	991
Increase/(decrease) in net assets attributable to unitholders	—	(1,183)	—	(1,596)
Closing balance	<u>25,649</u>	<u>23,571</u>	<u>14,905</u>	<u>14,736</u>
<b>C Class</b>				
Opening balance	—	—	—	—
Closing balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>I Class</b>				
Opening balance	133,981	133,373	279,787	284,942
Applications	5,404	5,000	—	—
Redemptions	(22,413)	(23,000)	(167,911)	(185,500)
Units issued upon reinvestment of distributions	16,758	16,286	22,105	24,043
Increase/(decrease) in net assets attributable to unitholders	—	(8,725)	—	9,888
Closing balance	<u>133,730</u>	<u>122,934</u>	<u>133,981</u>	<u>133,373</u>
<b>Total</b>		<u>146,505</u>		<u>148,109</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 10 Net assets attributable to unitholders - equity/liability (continued)

### Capital risk management

Infrastructure Value Fund – Hedged, Infrastructure Income Fund – Hedged, Infrastructure Value Fund – Unhedged and Infrastructure Income Fund – Unhedged consider their 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 Funds are subject to daily applications and redemptions at the discretion of unitholders.

Emerging Markets Fund considers its net assets attributable to unitholders as capital.

For all Funds, daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Responsible Entity monitors the impact of applications and redemptions relative to the liquid assets in the Funds.

## 11 Distributions to unitholders

The distributions paid/payable were as follows:

<b>Infrastructure Value Fund - Hedged</b>				
<b>Year ended</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
<b>A Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	3,702	0.5000	3,766	0.5000
- 31 December	7,685	1.0000	8,663	1.2000
- 31 March	806	0.1000	8,596	1.2000
Distribution payable				
- 30 June	9,453	1.1661	62,812	8.7548
	<u>21,646</u>		<u>83,837</u>	
<b>C Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	112	0.5000	151	0.5000
- 31 December	208	1.0000	333	1.2000
- 31 March	40	0.2000	304	1.2000
Distribution payable				
- 30 June	210	1.1121	1,974	8.6028
	<u>570</u>		<u>2,762</u>	
<b>I Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	445	0.5000	441	0.5000
- 31 December	1,101	1.2500	1,030	1.2000
- 31 March	436	0.5000	1,020	1.2000
Distribution payable				
- 30 June	1,868	2.1982	7,419	8.9217
	<u>3,850</u>		<u>9,910</u>	

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 11 Distributions to unitholders (continued)

<b>Infrastructure Income Fund - Hedged</b>				
<b>Year ended</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
<b>A Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	4,360	1.2500	1,159	0.7500
- 31 December	7,429	1.7500	2,834	1.5000
- 31 March	2,357	0.5000	6,242	3.0000
Distribution payable				
- 30 June	11,316	2.0754	18,058	7.3666
	<u>25,462</u>		<u>28,293</u>	
<b>B Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	3,555	1.0000	1,500	0.5500
- 31 December	5,767	1.5000	3,660	1.2000
- 31 March	1,661	0.4000	7,840	2.5000
Distribution payable				
- 30 June	7,253	1.6682	19,053	5.5335
	<u>18,236</u>		<u>32,053</u>	
<b>C Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	127	1.5000	7	0.7500
- 31 December	197	1.5000	25	1.5500
- 31 March	188	0.7000	48	3.0000
Distribution payable				
- 30 June	994	2.7700	178	7.4699
	<u>1,506</u>		<u>258</u>	
<b>Emerging Markets Fund</b>				
<b>Year ended</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 31 December	1,010	2.5000	851	1.2500
Distribution payable				
- 30 June	910	3.0312	1,178	2.6075
	<u>1,920</u>		<u>2,029</u>	



**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 11 Distributions to unitholders (continued)

<b>Infrastructure Value Fund - Unhedged</b>				
<b>Year ended</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
<b>A Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	20,156	3.0000	9,822	1.5000
- 31 December	20,910	3.0000	16,589	2.5000
- 31 March	7,003	1.0000	13,327	2.0000
Distribution payable				
- 30 June	61,433	9.4991	35,546	5.3808
	<u>109,502</u>		<u>75,284</u>	
<b>C Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	-	-	-	1.5033
- 31 December	-	-	-	2.4968
- 31 March	-	-	-	1.9971
Distribution payable				
- 30 June	-	10.4374	-	5.7786
	<u>-</u>		<u>-</u>	

<b>Infrastructure Income Fund - Unhedged</b>				
<b>Year ended</b>				
	<b>30 June 2023</b>		<b>30 June 2022</b>	
<b>A Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	497	3.0000	3	1.7500
- 31 December	471	2.0000	147	4.0000
- 31 March	126	0.5000	1,075	7.5000
Distribution payable				
- 30 June	342	1.3349	1,328	8.9059
	<u>1,436</u>		<u>2,553</u>	
<b>C Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	-	2.9966	-	1.7520
- 31 December	-	2.2470	-	4.0027
- 31 March	-	0.2504	-	7.5013
Distribution payable				
- 30 June	-	2.8169	-	9.3213
	<u>-</u>		<u>-</u>	
<b>I Class</b>	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distribution paid				
- 30 September	3,726	3.0000	4,896	1.7500
- 31 December	3,208	2.5000	9,755	4.0000
- 31 March	802	0.6000	9,391	7.5000
Distribution payable				
- 30 June	2,977	2.2259	12,560	9.3748
	<u>10,713</u>		<u>36,602</u>	

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 12 Cash and cash equivalents

	<b>Infrastructure Value Fund - Hedged</b>		<b>Infrastructure Income Fund - Hedged</b>		<b>Emerging Markets Fund</b>	
	<b>As at</b>		<b>As at</b>		<b>As at</b>	
	<b>30 June 2023 \$'000</b>	<b>30 June 2022 \$'000</b>	<b>30 June 2023 \$'000</b>	<b>30 June 2022 \$'000</b>	<b>30 June 2023 \$'000</b>	<b>30 June 2022 \$'000</b>
Domestic cash at bank	<b>42,074</b>	33,108	<b>85,422</b>	40,556	<b>774</b>	2,349
Foreign cash at bank	<b>58</b>	20	<b>182</b>	332	<b>180</b>	315
<b>Total cash and cash equivalents</b>	<b><u>42,132</u></b>	<u>33,128</u>	<b><u>85,604</u></b>	<u>40,888</u>	<b><u>954</u></b>	<u>2,664</u>

	<b>Infrastructure Value Fund - Unhedged</b>		<b>Infrastructure Income Fund - Unhedged</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30 June 2023 \$'000</b>	<b>30 June 2022 \$'000</b>	<b>30 June 2023 \$'000</b>	<b>30 June 2022 \$'000</b>
Domestic cash at bank	<b>32,949</b>	37,575	<b>5,645</b>	4,510
Foreign cash at bank	<b>58</b>	19	<b>22</b>	41
<b>Total cash and cash equivalents</b>	<b><u>33,007</u></b>	<u>37,594</u>	<b><u>5,667</u></b>	<u>4,551</u>

Notes to the financial statements  
For the year ended 30 June 2023

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

	Infrastructure Value Fund - Hedged Year ended		Infrastructure Income Fund - Hedged Year ended		Emerging Markets Fund Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>						
Operating profit/(loss) for the year	25,767	72,510	(48,171)	76,635	7,700	(397)
Net (gains)/losses on financial instruments at fair value through profit or loss	(11,189)	(63,750)	84,569	(55,735)	(6,290)	1,434
Proceeds from sale of financial instruments at fair value through profit or loss	629,298	545,804	922,366	461,480	44,206	91,255
Purchases of financial instruments at fair value through profit or loss	(636,328)	(454,950)	(1,427,452)	(742,679)	(18,454)	(41,137)
Net change in accrued income and receivables	(1,850)	(541)	(3,831)	(3,832)	271	(26)
Net change in payables	18	(2)	357	233	(202)	364
Distributions reinvested	(1,542)	(252)	—	—	—	—
Net cash inflow/(outflow) from operating activities	<u>4,174</u>	<u>98,819</u>	<u>(472,162)</u>	<u>(263,898)</u>	<u>27,231</u>	<u>51,493</u>
<b>(b) Components of cash and cash equivalents</b>						
Cash and cash equivalents	<u>42,132</u>	<u>33,128</u>	<u>85,604</u>	<u>40,888</u>	<u>954</u>	<u>2,664</u>
	<u>42,132</u>	<u>33,128</u>	<u>85,604</u>	<u>40,888</u>	<u>954</u>	<u>2,664</u>
<b>(c) Non-cash financing activities</b>						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>15,225</u>	<u>16,022</u>	<u>2,614</u>	<u>2,836</u>	<u>2,026</u>	<u>1,300</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

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

	Infrastructure Value Fund - Unhedged Year ended		Infrastructure Income Fund - Unhedged Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Operating profit/(loss) for the year	69,647	101,076	2,241	47,447
Net (gains)/losses on financial instruments at fair value through profit or loss	(56,295)	(92,754)	3,782	(37,764)
Proceeds from sale of financial instruments at fair value through profit or loss	668,902	461,595	164,264	354,906
Purchases of financial instruments at fair value through profit or loss	(581,579)	(398,819)	(154,882)	(191,285)
Net change in accrued income and receivables	(1,559)	(587)	97	(433)
Net change in payables	(31)	37	6	12
Distributions reinvested	(1,575)	(1,019)	-	(52)
Net cash inflow/(outflow) from operating activities	<u>97,510</u>	<u>69,529</u>	<u>15,508</u>	<u>172,831</u>
<b>(b) Components of cash and cash equivalents</b>				
Cash and cash equivalents	<u>33,007</u>	<u>37,594</u>	<u>5,667</u>	<u>4,551</u>
	<u>33,007</u>	<u>37,594</u>	<u>5,667</u>	<u>4,551</u>
<b>(c) Non-cash financing activities</b>				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>13,011</u>	<u>9,121</u>	<u>16,680</u>	<u>25,034</u>

### 14 Remuneration of auditor

During the financial year the following fees were paid or payable for services provided by the auditor of the Funds:

	Infrastructure Value Fund - Hedged Year ended		Infrastructure Income Fund - Hedged Year ended		Emerging Markets Fund Year ended	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
<b>PricewaterhouseCoopers</b>						
Audit and other assurance services						
Audit and review of financial statements	21,024	20,423	21,024	20,899	10,152	9,762
Audit of compliance plan	2,818	3,050	2,818	3,050	2,818	3,050
Audit of specified assertions	1,406	1,426	1,406	1,426	1,406	1,426
Total remuneration for audit and other assurance services	<u>25,248</u>	<u>24,899</u>	<u>25,248</u>	<u>25,375</u>	<u>14,376</u>	<u>14,238</u>
<b>Total remuneration of PricewaterhouseCoopers</b>	<u>25,248</u>	<u>24,899</u>	<u>25,248</u>	<u>25,375</u>	<u>14,376</u>	<u>14,238</u>

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 14 Remuneration of auditor (continued)

	Infrastructure Value Fund - Unhedged Year ended		Infrastructure Income Fund - Unhedged Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
<b>PricewaterhouseCoopers</b>				
Audit and other assurance services				
Audit and review of financial statements	18,107	17,618	10,152	12,567
Audit of compliance plan	2,818	3,051	2,818	3,051
Audit of specified assertions	1,406	1,426	1,406	1,426
Total remuneration for audit and other assurance services	22,331	22,095	14,376	17,044
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>22,331</b>	<b>22,095</b>	<b>14,376</b>	<b>17,044</b>

## 15 Related party transactions

### Responsible Entity

The Responsible Entity of the Funds is Franklin Templeton Australia Limited (ABN 76 004 835 849).

### Key management personnel

#### (a) Directors

Key management personnel includes persons who were directors of Franklin Templeton Australia Limited during the financial year and at the date of the report are listed below:

M. Harrison (Chairperson)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

#### (b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the financial year.

### Transactions and unitholdings with key management personnel

As at 30 June 2023 and 30 June 2022, key management personnel held units in the Funds as per below:

<b>Infrastructure Value Fund - Hedged</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Application of units	<u>4,364</u>	<u>3,544</u>
Redemption of units	<u>—</u>	<u>—</u>
Units held by key management personnel (units)	<u>41,583</u>	<u>37,220</u>
<b>Infrastructure Income Fund - Hedged</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Application of units	<u>5,589</u>	<u>2,840</u>
Redemption of units	<u>—</u>	<u>—</u>
Units held by key management personnel (units)	<u>10,188</u>	<u>4,599</u>
<b>Emerging Markets Fund</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Application of units	<u>713</u>	<u>383</u>
Redemption of units	<u>—</u>	<u>—</u>
Units held by key management personnel (units)	<u>17,001</u>	<u>16,288</u>
<b>Infrastructure Value Fund - Unhedged</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Application of units	<u>23,560</u>	<u>12,106</u>
Redemption of units	<u>—</u>	<u>—</u>
Units held by key management personnel (units)	<u>81,304</u>	<u>57,745</u>

As at 30 June 2023 and 30 June 2022, no key management personnel of the Responsible Entity held units in the Infrastructure Income Fund - Unhedged.

### Key management personnel compensation

No amount is paid by the Funds directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 *Related Party Disclosures* is paid by the Funds to Directors as key management personnel.

**Notes to the financial statements**  
**For the year ended 30 June 2023**

## 15 Related party transactions (continued)

### Key management personnel loan disclosures

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their directly related parties at any time during the financial year.

### Other transactions within the Funds

From time to time directors of the Responsible Entity, or their directly related entities, may invest in or withdraw from the Funds. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors.

### Responsible Entity's/manager's fees and other transactions

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the financial year and amounts payable at financial year end between the Funds and the Responsible Entity were as follows:

	Infrastructure Value Fund - Hedged Year ended		Infrastructure Income Fund - Hedged Year ended		Emerging Markets Fund Year ended	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
Management fees for the year paid by the Funds to the Responsible Entity	8,186,161	8,489,262	8,331,847	4,639,881	851,752	1,336,226
Total fees payable to the Responsible Entity at the year end	702,543	684,438	847,896	491,380	64,322	80,720

	Infrastructure Value Fund - Unhedged Year ended		Infrastructure Income Fund - Unhedged Year ended	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
Management fees for the year paid by the Funds to the Responsible Entity	8,782,190	8,735,521	201,154	65,438
Total fees payable to the Responsible Entity at the year end	688,411	718,564	18,873	12,509

There was nil performance fee expense and performance fee payable in 2023 and 2022 by the Fund to the investment manager ClearBridge Investments Limited.

The performance fees paid for all Funds' are in accordance with the Product Disclosure Statement. The performance fee paid in any one year is capped at 0.30% of the average of the daily net asset value of the Funds in any financial year. Historically, any additional performance fees earned but unpaid are accrued and payable in the future years subject to performance criteria being met per the Product Disclosure Statement.

## 16 Events occurring after the financial year

No significant events have occurred since the end of the financial year which would impact on the financial position of the Funds disclosed in the balance sheets as at 30 June 2023 or on the results of operations and cash flows of the Funds for the financial year.

## 17 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

**Directors' declaration**  
**For the year ended 30 June 2023**


---

**Directors' declaration**

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 61 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 Funds' financial positions as at 30 June 2023 and of their performance, for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Funds will be able to pay their 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.

DocuSigned by:  
  
Director \_\_\_\_\_  
36BA20B35DB241C...  
M. Sund

Melbourne  
26 September 2023





## Independent auditor's report

To the members of Franklin Templeton Australia Funds, which comprise the following funds:

- ClearBridge RARE Infrastructure Value Fund – Hedged
- ClearBridge RARE Infrastructure Income Fund – Hedged
- ClearBridge RARE Emerging Markets Fund
- ClearBridge RARE Infrastructure Value Fund – Unhedged
- ClearBridge RARE Infrastructure Income Fund – Unhedged

---

### Our opinion

In our opinion:

The accompanying financial report of Franklin Templeton Australia Funds (the Funds) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Funds' financial position as at 30 June 2023 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 sheets as at 30 June 2023
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the declaration of the directors of the Responsible Entity.

---

### 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 opinion.

### Independence

We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999

Liability limited by a scheme approved under Professional Standards Legislation.



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

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 that we 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 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 of the Responsible Entity are responsible for assessing the ability of the Funds 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 Funds 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink that reads 'Kate Logan'.

Kate Logan  
Partner

Melbourne  
26 September 2023