

Third Link Growth Fund

ARSN 130 165 552

Financial report for the year ended 30 June 2020

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This financial report covers the Third Link Growth Fund (ARSN 130 165 552) as an individual entity.

The Responsible Entity of the Third Link Growth Fund is Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806). The Responsible Entity's registered office is:

Bennelong House
Level 1, 9 Queen Street
Melbourne VIC 3000

Directors' Report

The directors of Bennelong Funds Management Ltd, the Responsible Entity of the Third Link Growth Fund ("the Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2020.

Principal activities

The Fund invests in Australian authorised investments in accordance with the Product Disclosure Statement and the provisions of the Fund's Trust Deed.

The Fund did not have any employees during the year.

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

The various service providers to the Fund are detailed below:

Service	Provider
Responsible Entity	Bennelong Funds Management Ltd
Investment Manager	Third Link Investment Managers Pty Ltd
Custodian and Administrator	RBC Investor & Treasury Services Pty Ltd
Statutory Auditor	Deloitte Touche Tohmatsu

Directors

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

Stephen Rix	Chairman
Craig Bingham	
Andrea Waters	
Vicki Allen	
Lincoln McMahon	

Review and results of operations

During the year, the Fund invested monies in accordance with the investment policies set out in the Fund's PDS and in accordance with the provisions of the Fund's Trust Deed.

Results

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

	Year ended	
	30 June 2020 \$'000	30 June 2019 \$'000
Operating profit attributable to unitholders	<u>(420)</u>	<u>5,948</u>
Interim distribution - 31 December	<u>3,468</u>	<u>3,401</u>
Full year distribution - 30 June	<u>4,110</u>	<u>5,063</u>
Interim distribution - 31 December cents per unit (CPU)	3.0000	3.0000
Full year distribution - 30 June cents per unit (CPU)	3.7863	4.4021

Directors' Report (continued)

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

There has been no matter or circumstance since 30 June 2020 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund 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 Fund.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of the Responsible Entity. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the law, the officers remain fully indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnity of auditors

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

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 12 to the financial report.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 12 to the financial report.

The Responsible Entity donates all Responsibility Entity fees to charity via a rebate to Third Link Investment Managers Pty Ltd.

Directors' Report (continued)

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in note 6 to the financial report.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in note 2 to the financial report.

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors of Bennelong Funds Management Ltd.

Craig Bingham
Director

Melbourne
25 September 2020

Auditor's Independence Declaration

{The Auditor's Independence Declaration will be provided by your Auditor}

Third Link Growth Fund
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended	
		30 June 2020 \$'000	30 June 2019 \$'000
Investment income			
Interest income		22	57
Dividend/Distribution income		5,647	7,205
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(5,003)	(257)
Other operating income		1,325	1,281
Total investment income		<u>1,991</u>	<u>8,286</u>
Expenses			
Management fees	12	2,411	2,338
Total operating expenses		<u>2,411</u>	<u>2,338</u>
Operating profit attributable to unitholders		<u>(420)</u>	<u>5,948</u>
Finance costs attributable to unitholders			
Distributions to unitholders	7	(7,578)	(8,464)
Decrease/(Increase) in net assets attributable to unitholders	6	7,998	2,516
Profit/(loss) for the year		<u>-</u>	<u>-</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Financial Statements.

Third Link Growth Fund
Statement of Financial Position
As at 30 June 2020

Statement of Financial Position

		As at	
	Notes	30 June 2020 \$'000	30 June 2019 \$'000
Assets			
Cash and cash equivalents	8	7,752	2,291
Receivables	10	44	49
Dividend/Distribution receivable		3,631	3,678
Applications receivables		260	520
Financial assets at fair value through profit or loss	9	<u>153,211</u>	<u>168,474</u>
Total assets		<u>164,898</u>	<u>175,012</u>
Liabilities			
Distributions payable		1,927	2,217
Redemptions payable		8,163	233
Payables	11	<u>212</u>	<u>198</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>10,302</u>	<u>2,648</u>
Net assets attributable to unitholders - liability	6	<u>154,596</u>	<u>172,364</u>
Liabilities attributable to unitholders		<u>(154,596)</u>	<u>(172,364)</u>
Net Assets		<u>-</u>	<u>-</u>

The above Statement of Financial Position should be read in conjunction with the notes to the Financial Statements.

**Third Link Growth Fund
Statement of Changes in Equity
For the year ended 30 June 2020**

Statement of Changes in Equity

	Year ended	
	30 June 2020 \$'000	30 June 2019 \$'000
Total equity at the beginning of the financial year	-	-
Operating profit for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

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

The above Statement of Changes in Equity should be read in conjunction with the notes to the Financial Statements.

Third Link Growth Fund
Statement of Cash Flows
For the year ended 30 June 2020

Statement of Cash Flows

		Year ended	
		30 June	30 June
		2020	2019
	Notes	\$'000	\$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		19,500	16,105
Purchase of financial instruments at fair value through profit or loss		(9,155)	(20,335)
Dividends/Distributions received		5,609	8,904
Interest received		22	57
Other operating income received		1,325	1,281
Management fees paid		(2,392)	(2,345)
Net cash inflow from operating activities	13(a)	<u>14,909</u>	<u>3,667</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		3,248	10,007
Payments for redemptions by unitholders		(8,969)	(11,919)
Distributions paid		(3,727)	(4,683)
Net cash (outflow) from financing activities		<u>(9,448)</u>	<u>(6,595)</u>
Net increase/(decrease) in cash and cash equivalents		5,461	(2,928)
Cash and cash equivalents at the beginning of the year		<u>2,291</u>	<u>5,219</u>
Cash and cash equivalents at the end of the year	8	<u>7,752</u>	<u>2,291</u>

Non-cash financing and operating activities are disclosed in note 13(b).

The above Statement of Cash Flows should be read in conjunction with the notes to the Financial Statements.

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1 General information

This financial report covers the Third Link Growth Fund ("the Fund") as an individual entity, which is an Australian registered managed Fund. The Fund was constituted on 12 March 2008. The Fund will terminate on 11 March 2088 unless terminated earlier in accordance with the provisions of the Fund's Trust Deed.

The Responsible Entity of the Fund is Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806) (the "Responsible Entity"). The Responsible Entity's registered office is Bennelong House, Level 1, 9 Queen Street, Melbourne, VIC 3000.

The financial statements are presented in the Australian currency.

The Investment Manager of the Fund is Third Link Investment Managers Pty Ltd.

The principal activity of the Fund during the year was the investment of unitholders' funds as per the objectives stated in the Fund's Product Disclosure Statement ("PDS") and in accordance with the provisions of the Fund's Trust Deed. There has been no significant change in the nature of this activity during the year.

The financial report was authorised for issue by the directors on 25 September 2020.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001* in Australia.

The Fund is a for-profit entity for the purposes of preparing the financial report.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished 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 12 months after the end of each reporting period in relation to these balances cannot be reliably determined.

Compliance with International Financial Reporting Standards (IFRS)

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

(b) New accounting standards and interpretations

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

2 Summary of significant accounting policies (continued)

(c) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are not subject to a significant risk of change 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 Fund's main income generating activity.

(d) Receivables

Receivables may include amounts for dividends, distributions, interest and outstanding settlements on the sale of investments. Dividends and distributions are accrued when the right to receive payment is established. Receivables are recognized and carried at their original amounts and subsequently at amortised cost less impairment. 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 Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

(e) 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. Trades are recorded on trade date and normally settled within two business days.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

(f) Financial instruments

(i) Classification

- Fund's Investments at fair value through profit or loss upon initial recognition

These include investments in listed equity securities.

(ii) Recognition/derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

2 Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

(iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

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

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the last traded price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in the statement of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price.

Further details on how the fair values of financial instruments are determined are disclosed in note 3(e).

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

(g) Applications and redemptions

Applications received for units in the Fund are recorded net of any buy spread, payable upon application for units in the Fund. Redemptions from the Fund are recorded gross of any sell spread payable upon redemption of units.

(h) Distributions

In accordance with the Trust Deed, the Fund distributes income adjusted for amounts determined by the Responsible Entity to unitholders by cash or through reinvestment. The distributions are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs attributable to unitholders. Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 30 June.

(i) Payables

Payables are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Fund, and include outstanding settlements on the purchase of investments. Amounts are generally paid within 30 days of being recorded as payables.

2 Summary of significant accounting policies (continued)

(j) Net assets attributable to unitholders

In accordance with AASB 132 *Financial Statements: Presentation*, unitholder's funds are classified as a financial liability and disclosed as such in the Statement of Financial Position, being referred to as "Net assets attributable to unitholders". Unitholders' funds are classified as a liability as the units can be redeemed from the Fund at any valuation point for cash. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholders exercised their right to put the units back to the Fund. Changes in the value of this financial liability are recognised in the Statement of Profit or Loss and Other Comprehensive Income as they arise.

(k) Investment income

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the accruals method. Dividend income is recognised on the ex dividend date with any related withholding tax recorded as an expense. Trust distributions are recognised on an entitlement basis.

Changes in fair value of financial instruments are recorded in accordance with the policies described in note 2(f) to the financial report.

(l) Expenses

All expenses, including management fees and custodian fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

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

Non distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

(n) Income tax

Under current legislation, the Fund is not subject to income tax provided that unitholders are presently entitled to the income of the Fund. The benefits of any imputation credits and foreign tax paid are passed on to unitholders.

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as investment management fees and custodial services has been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%; hence investment management fees, custodial fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

2 Summary of significant accounting policies (continued)

(p) Rounding of amounts

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

(q) Foreign currency translation

(i) Functional and presentation currency

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

(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 Statement of Profit or Loss and Other Comprehensive Income.

The Fund does 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. Such fluctuations are included with the net gains/(losses) on financial instruments at fair value through profit or loss.

(r) Use of estimates

From time to time the Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and 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. As at 30 June 2020 there are no material estimates (30 June 2019: Nil).

3 Financial risk management

The Fund is exposed to credit risk, liquidity risk and market risk (including price risk and interest rate risk) arising from the financial instruments it holds. The Responsible Entity has outsourced the investment management for managing these risks to the Investment Manager who does so through a process of ongoing identification, measurement and monitoring.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Trust Deed, the PDS and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions.

3 Financial risk management (continued)

Risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably foreseeable changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Responsible Entity is willing to accept.

This information is prepared and regularly reported to relevant parties within the Responsible Entity.

As part of its risk management strategy, the Fund may use derivatives to manage certain risk exposures.

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

In order to avoid excessive concentration of risk, the Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. The Fund's investment activities are undertaken in accordance with established mandate limits and investment strategies.

(i) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. These investments are classified in the Statement of Financial Position at fair value through profit or loss. The fair value of the investments represents the Fund's maximum price risk.

The table at note 3(b) summarises the sensitivity of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Fund invests move by +/-10% (2019: +/-10%).

(ii) Foreign exchange risk

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

Any non-AUD denominated investments are translated using the spot rate at balance sheet date. Non-AUD denominated income is translated at the prevailing spot rate on the date of receipt.

As at 30 June 2020, the foreign exchange risk related to monetary items was immaterial.

(iii) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument may fluctuate because of changes in market interest rates. Interest rate risk is not considered to be significant.

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

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The table below details the Fund's exposure to interest rate into the relevant categories at the reporting date.

The table at note 3(b) summarises the Fund's sensitivity to interest rate risk.

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2020	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	7,752	-	-	7,752
Receivables	-	-	44	44
Dividend/Distribution receivable	-	-	3,631	3,631
Applications receivable	-	-	260	260
Financial assets at fair value through profit or loss	-	-	153,211	153,211
Total assets	7,752	-	157,146	164,898
Liabilities				
Distributions payable	-	-	1,927	1,927
Redemptions payables	-	-	8,163	8,163
Payables	-	-	212	212
Total liabilities (excluding net assets attributable to unitholders)	-	-	10,302	10,302
Net exposure	7,752	-	146,844	154,596
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2019	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	2,291	-	-	2,291
Receivables	-	-	49	49
Dividend/Distribution receivable	-	-	3,678	3,678
Applications receivable	-	-	520	520
Financial assets at fair value through profit or loss	-	-	168,474	168,474
Total assets	2,291	-	172,721	175,012

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2019	\$'000	\$'000	\$'000	\$'000
Liabilities				
Distributions payable	-	-	2,217	2,217
Redemptions payables	-	-	233	233
Payables	-	-	198	198
Total liabilities (excluding net assets attributable to unitholders)	-	-	2,648	2,648
Net exposure	2,291	-	170,073	172,364

An analysis of financial liabilities by maturities is provided in note 3(d) on page 19.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price and interest rate risk. The reasonably possible movements in the risk variables have been determined based on the Responsible Entity's best estimates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables. The price risk variables relate to a weighted average percentage movement in the price of equities owned at 30 June 2020. The interest rate risk variables relate to a weighted average percentage movement in cash and cash equivalents at 30 June 2020.

	Impact on operating profit / net assets attributable to unitholders			
	Price risk		Interest rate risk	
	-10 %	+10%	-1%	+1%
30 June 2020	\$'000	\$'000	\$'000	\$'000
	(15,321)	15,321	(78)	78
30 June 2019	(16,847)	16,847	(23)	23

(c) Credit risk

Credit (or counterparty) risk is the risk that one party to a financial instrument will fail to perform its contractual obligations and cause the Fund to incur a financial loss.

The Fund's maximum credit risk exposure at reporting date in relation to each class of recognised financial asset, other than equity and derivative financial instruments, is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

3 Financial risk management (continued)

(c) Credit risk (continued)

In relation to equity and derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, or where applicable, ensuring that transactions are undertaken with a large number of counterparties.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents, receivables and amounts due from brokers balances.

There are no financial assets that are past due or impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations associated with financial assets and liabilities. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount or timing.

These risks are controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

Financial liabilities of the Fund comprise trade and other payables, distributions payable, derivative instruments and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days of the obligation arising. Payment obligations in respect of derivative financial instruments arise and are met pursuant to their terms of issue.

The table below details the Fund's financial liabilities into the relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

At 30 June 2020	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Distributions payable	1,927	-	-	-	1,927
Redemptions payable	8,163	-	-	-	8,163
Payables	212	-	-	-	212
Net assets attributable to unitholders	<u>154,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,596</u>
	<u>164,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,898</u>

At 30 June 2019	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Distributions payable	2,217	-	-	-	2,217
Redemptions payable	233	-	-	-	233
Payables	198	-	-	-	198
Net assets attributable to unitholders	<u>172,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,364</u>
	<u>175,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,012</u>

3 Financial risk management (continued)

(d) Liquidity risk (continued)

(e) Fair value estimation

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value including any transaction costs that are attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Fair value in an active market

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

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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

(ii) Fair value in an inactive or unquoted market

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 reporting period applicable for an instrument with similar terms and conditions.

(f) Fair value hierarchy

AASB 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

3 Financial risk management (continued)

(f) Fair value hierarchy (continued)

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and not provided by independent sources that are actively involved in the relevant market.

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2020 and 30 June 2019.

As at 30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equity securities	33,118	-	-	33,118
Listed unit trusts	17,229	-	-	17,229
Unlisted unit trusts	-	102,864	-	102,864
Total	50,347	102,864	-	153,211

As at 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equity securities	29,588	-	-	29,588
Listed unit trusts	16,780	-	-	16,780
Unlisted unit trusts	-	122,106	-	122,106
Total	46,368	122,106	-	168,474

4 Auditor's remuneration

The service provided on this Fund is on a pro-bono basis. The auditor of the Fund is Deloitte Touche Tohmatsu.

5 Net gains/(losses) on financial instruments at fair value through profit or loss

	Year ended	
	30 June 2020 \$'000	30 June 2019 \$'000
Financial instruments		
Net realised gains on financial instruments at fair value through profit or loss	2,923	1,928
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss	<u>(7,926)</u>	<u>(2,185)</u>
Total net gains/(losses) on financial instruments at fair value through profit or loss	<u>(5,003)</u>	<u>(257)</u>

6 Net assets attributable to unitholders

The movement in the number of units and net assets attributable to unitholders during the year was as follows:

	As at			
	30 June 2020 Units	30 June 2019 Units	30 June 2020 \$'000	30 June 2019 \$'000
Opening balance	116,934	114,553	172,364	171,741
Applications	1,989	6,983	2,988	10,287
Redemptions	(11,651)	(7,966)	(16,899)	(11,929)
Units issued upon reinvestment of distributions	2,833	3,364	4,141	4,781
(Decrease)/increase in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>(7,998)</u>	<u>(2,516)</u>
Closing balance	<u>110,105</u>	<u>116,934</u>	<u>154,596</u>	<u>172,364</u>

As stipulated within the Fund's Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. Each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that 'net assets attributable to unitholders' is classified as a financial liability. Net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Investment Manager. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

7 Distributions to unitholders

The distributions for the year were as follows:

	Year ended		Year ended	
	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU
Distributions				
Distributions paid - December	3,468	3.0000	3,401	3.0000
Distributions payable - June	<u>4,110</u>	<u>3.7863</u>	<u>5,063</u>	<u>4.4021</u>
	<u>7,578</u>		<u>8,464</u>	

8 Cash and cash equivalents

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Cash at bank	<u>7,752</u>	<u>2,291</u>

These accounts are earning a floating interest rate of between 0.18% and 0.93% as at 30 June 2020 (30 June 2019: 0.59% and 0.85%).

(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the year as follows:

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Balance as above	<u>7,752</u>	<u>2,291</u>
Balances per Statement of Cash Flows	<u>7,752</u>	<u>2,291</u>

9 Financial assets at fair value through profit or loss

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Financial assets at fair value through profit or loss		
Listed equity securities	33,118	29,588
Listed unit trusts	17,229	16,780
Unlisted unit trusts	<u>102,864</u>	<u>122,106</u>
Total financial assets at fair value through profit or loss	<u>153,211</u>	<u>168,474</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 3.

10 Receivables

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
RITC receivable	<u>44</u>	<u>49</u>
Total	<u>44</u>	<u>49</u>

11 Payables

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Management fees payable	<u>212</u>	<u>198</u>
Total	<u>212</u>	<u>198</u>

12 Related party transactions

Responsible Entity

The Responsible Entity of the Third Link Growth Fund is Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806). Accordingly, transactions with entities related to Bennelong Funds Management Ltd are disclosed below.

Key management personnel

Key management personnel includes persons who were directors of Bennelong Funds Management Ltd at any time during the financial year or since the end of the year up to the date of this report:

Directors:

Stephen Rix	Chairman
Craig Bingham	
Andrea Waters	
Vicki Allen	
Lincoln McMahon	

Other key management personnel:

Jeff Phillips	Chief Financial Officer/Company Secretary
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Key management personnel compensation

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

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year (2019: Nil).

Other transactions within the Fund

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

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

Under the terms of the Fund's Trust Deed and the current PDS for the Fund, the Responsible Entity is entitled to receive fees. The service provided by the Responsible Entity of this Fund is on a pro-bono basis.

12 Related party transactions (continued)

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

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions during the year and amounts at year end between the Fund and the Responsible Entity were as follows:

	30 June 2020	30 June 2019
	\$	\$
Management fees for the year	2,411,358	2,337,973
Fee rebate received and receivable directly by the Fund	1,064,712	1,246,455

Key management personnel unitholdings

Key personnel and parties related to the Fund during the year, including the Responsible Entity, its associates and other schemes managed by Bennelong Funds Management Ltd, held the following units in the Fund at the end of the year:

30 June 2020

Unitholders	Number of units held opening	Number of units held closing	Interest held	Number of unit acquired	Number of units disposed	Distributions paid/payable by the Fund
	(Units)	(Units)	(%)	(Units)	(Units)	(\$)
Australian Philanthropic Services Fdn P/L ATF	2,165,236	2,267,177	2.059	101,941	-	148,546
Australian Philanthropic Services Fdn						
Christopher Edgar Cuffe ATF Matthew Patrick Cuffe	18,751	19,634	0.018	883	-	1,286
Koina Pty Limited ATF Cuffe Family Foundation	362,308	362,308	0.329	-	-	24,587
Thank Keating Pty Ltd ATF C & N Cuffe Family Super Fund	32,130	33,643	0.031	1,513	-	2,204

12 Related party transactions (continued)

30 June 2019

Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of unit acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Australian Philanthropic Services Fdn P/L ATF Australian Philanthropic Services Fdn	1,075,135	2,165,236	1.852	1,090,101	-	154,256
Christopher Edgar Cuffe ATF Matthew Patrick Cuffe	17,811	18,751	0.016	940	-	1,336
Koina Pty Limited ATF Cuffe Family Foundation	1,008,345	362,308	0.310	-	646,037	26,819
Thank Keating Pty Ltd ATF C & N Cuffe Family Super Fund	361,580	32,130	0.027	1,610	331,060	2,289

Related party unitholdings

Parties related to the Fund (including Bennelong Funds Management Ltd, its related parties and other funds managed by Bennelong Funds Management Ltd) did not hold units in the Fund as at 30 June 2020 (2019: Nil).

Investments

The Fund did not hold any investments in Bennelong Funds Management Ltd or its related parties during the year (2019: Nil).

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

	Year ended	
	30 June 2020 \$'000	30 June 2019 \$'000
(a) Reconciliation of profit/(loss) for the year to net cash inflow from operating activities		
Increase/(decrease) in net assets attributable to unitholders	(7,998)	(2,516)
Proceeds from sale of financial instruments at fair value through profit or loss	19,500	16,105
Purchase of financial instruments at fair value through profit or loss	(9,155)	(20,335)
Net losses on financial instruments at fair value through profit or loss	5,003	257
Distributions to unitholders	7,578	8,464
Distributions reinvested	(85)	(1,501)
Net change in dividend/distribution receivable	47	3,200
Net change in receivables excluding applications	5	-
Net change in payables excluding redemptions	14	(7)
Net cash inflow from operating activities	14,909	3,667
(b) Non-cash financing and investing activities		
During the year, the following distribution payments were satisfied by the issue of units in the Fund	4,141	4,781
During the year, the following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plan	85	1,501

14 Events occurring after the reporting date

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

15 Contingent assets and liabilities and commitments

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

Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial report is in compliance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board interpretations and International Financial Reporting Standards as stated in note 2 to the financial report;
- (c) in the directors' opinion, the attached financial report and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001*.

Craig Bingham
Director

Melbourne
25 September 2020

Independent Auditor's Review Report to the unitholders

{The Independent Auditor's Review Report will be provided by your auditor}