

Professionally Managed Accounts

ARSN 620 030 382

Financial Report For the half-year ended 31 December 2019

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made in respect of Professionally Managed Accounts during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim report covers Professionally Managed Accounts as an individual entity. The Responsible Entity of Professionally Managed Accounts is InvestSMART Funds Management Ltd (ABN 62 067 751 759) (AFSL 246441).

The Responsible Entity's registered office is:
Level 9, 37 York Street
Sydney, NSW 2000

Professionally Managed Accounts
Responsible Entity report
For the half-year ended 31 December 2019

The Directors of InvestSMART Funds Management Ltd (“InvestSMART”) (ABN 62067751759) (AFSL No 246441), the Responsible Entity, present their report together with the financial report of Professionally Managed Accounts (ARSN 620 030 382) (“Trust”) for the half-year ended 31 December 2019.

Principal activities

The Trust is an Australian registered managed investment scheme which was constituted on 6 July 2017, registered on 11 July 2017 and issued a Product Disclosure Statement on 1 November 2018. Within the Trust each investor has a separate account to which their investments are allocated. The investments are held in a broker-sponsored account, registered through the Clearing House Electronic Sub-register System (“CHESS”) in the name of the account holder. The Trust aims to invest in a model portfolio of Australian listed securities as directed by the account holder in accordance with the Product Disclosure Statement and the provisions of the Trust's Constitution. The Trust is domiciled in Australia.

The Trust did not have any employees during the period.

There were no significant changes in the nature of the Trust's activities during the period.

The various service providers for the Trust are detailed below:

Service	Provider
Responsible Entity	InvestSMART Funds Management Ltd
Investment Managers	Intelligent Investor Holdings Pty Limited and InvestSMART Financial Services Pty Ltd
Statutory Auditor	BDO Audit Pty Limited

BDO Audit Pty Limited replaced Ernst & Young effective 19 February 2020.

Directors

The following persons were Directors of InvestSMART Funds Management Ltd during the half-year and up to the date of this report:

Alastair Davidson
Peter Ronald Hodge
Andrew Ward

Operating and financial review

The Trust commenced operations on 1 November 2018. Applications received for units in the Trust are recorded at membership interest (a fixed \$1.00 fee) received prior to the issue of units in the Trust. Redemptions from the Trust are recorded at membership interest (a fixed \$1.00 fee) after the cancellation of units redeemed. The Trust received 313 applications and received 20 redemptions during the half-year.

The Trust's statutory net profit attributable to unitholders for the half-year ended 31 December 2019 was \$nil (2018: \$nil).

There were no distributions paid or payable during the half-year.

On 1 July 2019 the trust adopted the attribution managed investment trusts regime (“AMIT”).

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of Professionally Managed Accounts that occurred during the period under review other than those listed above or elsewhere in the Responsible Entity's report.

Professionally Managed Accounts
Responsible Entity report
For the half-year ended 31 December 2019

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Trust's Constitution.

Events subsequent to balance date

No matter or circumstance has arisen since 31 December 2019 that has significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Number of interests on issue

As at 31 December 2019 the number of units on issue in the Trust was 512 (30 June 2019: 219).

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the Responsible Entity's report for the half-year ended 31 December 2019.

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



Andrew Ward
Director

Sydney
11 March 2020

Dear Sir/Madam

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF PROFESSIONALLY MANAGED ACCOUNTS

As lead auditor for the review of Professionally Managed Accounts for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

Yours sincerely



Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 11 March 2020

Professionally Managed Accounts
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	2019	2018
	\$	\$
Revenue from continuing operations		
Finance revenue	-	-
Total revenue from continuing operations and other income	<u>-</u>	<u>-</u>
Expenses		
Management fees	-	-
Administration expenses	-	-
Total expenses	<u>-</u>	<u>-</u>
Operating profit/(loss) before finance costs attributable to unitholders	<u>-</u>	<u>-</u>
Finance costs attributable to unitholders		
Distributions to unitholders	-	-
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>-</u>
Profit/(loss) for the period	<u>-</u>	<u>-</u>
Other comprehensive income	-	-
Total comprehensive income	<u>-</u>	<u>-</u>
Earnings per unit attributable to the unitholders of the Trust		
Basic and diluted earnings per unit (cents)	-	-

The above statement of profit or loss and other comprehensive income should be read with the accompanying notes.

Professionally Managed Accounts

Statement of financial position

As at 31 December 2019

	31-Dec-19	30-Jun-19
	\$	\$
ASSETS		
Cash and cash equivalents	512	219
Receivables	18,462	6,655
Total assets	<u>18,974</u>	<u>6,874</u>
LIABILITIES		
Trade and other payables	18,462	6,655
Total liabilities (excluding net assets attributable to unitholders)	<u>18,462</u>	<u>6,655</u>
Net assets attributable to unitholders - liability*	<u>-</u>	<u>219</u>
Net assets attributable to unitholders - equity*	<u>512</u>	<u>-</u>

*Net assets attributable to unitholders were reclassified from a liability to equity on 1 July 2019 on the adoption of the attribution managed investment trusts regime ("AMIT"). Prior to 1 July 2019 The Trust's net assets attributable to unitholders are classified as a liability (rather than equity) under *AASB 132 Financial Instruments: Presentation*.

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

Professionally Managed Accounts
Statement of changes in equity
For the half-year ended 31 December 2019

	31-Dec-19	31-Dec-18
	\$	\$
Total equity at the beginning of the period	-	-
Reclassification due to AMIT tax regime implementation*	219	-
Total comprehensive income for the period	-	-
Transactions with unit holders:		
Applications	313	24
Redemptions	20	-
Total equity at the end of the period	<u>512</u>	<u>24</u>

*Net assets attributable to unitholders were reclassified from a liability to equity on 1 July 2019 on the adoption of the attribution managed investment trusts regime ("AMIT"). Prior to 1 July 2019 The Trust's net assets attributable to unitholders are classified as a liability (rather than equity) under *AASB 132 Financial Instruments: Presentation*.

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

Professionally Managed Accounts
Statement of cash flows
For the half-year ended 31 December 2019

	2019	2018
	\$	\$
Cash flows from operating activities		
Finance revenue	-	-
Payments to suppliers	-	-
Net cash flows from operating activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from applications by unitholders	313	24
Payments for redemptions by unitholders	20	-
Net cash inflow from financing activity	<u>293</u>	<u>24</u>
Net increase in cash and cash equivalents	293	24
Cash and cash equivalents at the beginning of the period	219	-
Cash and cash equivalents at the end of the period	<u>512</u>	<u>24</u>

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

Professionally Managed Accounts

Notes to the financial report

For the half-year ended 31 December 2019

1. General information

These financial statements cover Professionally Managed Accounts (the "Trust") as an individual entity. The Trust is an Australian registered managed investment scheme which was constituted on 6 July 2017, registered on 11 July 2017 and issued a Product Disclosure Statement on 1 November 2018. Within the Trust each investor has a separate account to which their investments are allocated. The investments are held in a broker-sponsored account, registered through the Clearing House Electronic Sub-register System ("CHESS") in the name of the account holder. The Trust aims to invest in a model portfolio of Australian listed securities as directed by the account holder in accordance with the Product Disclosure Statement and the provisions of the Trust's Constitution. The Trust is domiciled in Australia.

The Responsible Entity of the Trust is InvestSMART Funds Management Ltd (ABN 62 067 751 759) (AFSL 246441) (the "Responsible Entity"). The Responsible Entity's registered office is Level 9, 37 York Street, Sydney, NSW 2000. These financial statements are presented in Australian dollars.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. 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 the period presented, unless otherwise stated in the following text.

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 (AASB) and the Corporations Act 2001 in Australia.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2019. Except as noted below, the accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the annual financial report of the Fund for the year ended 30 June 2019.

Reclassification of units from financial liability to equity

The attribution managed investment managed investment trust regime ("AMIT") allows managed investment trusts ("MITs") to make an irrevocable choice to be an AMIT. The trust adopted AMIT from 1 July 2019. Under AMIT income is attributed to unitholders on a fair and reasonable basis, as determined by the Responsible Entity.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Trust's 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 Trust, and is not a contract settled in the Trust's own equity
- the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity over the life of the instrument (excluding any effects of the instrument).

Having satisfied all the above criteria on adoption of AMIT the Trust's units were reclassified from financial liability to equity on 1 July 2019.

Professionally Managed Accounts
Notes to the financial report
For the half-year ended 31 December 2019

3. Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unit holders during the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2019		31 December 2018	
	Units	\$	Units	\$
Opening balance	219	219	-	-
Applications	313	313	24	24
Redemptions	20	20	-	-
Distributions paid and payable	-	-	-	-
Profit/(loss) for the period	-	-	-	-
Closing balance	512	512	24	24

As stipulated in the Trust’s Constitution, each unit represents a right to an individual share in the Trust (a membership interest fixed at \$1.00) and does not extend to a right in the underlying assets of the Trust.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

Units are redeemed on demand at the unit holder’s option. However, holders of these instruments typically retain them for the medium to long term. As such amounts expected to be settled within 12 months from period end cannot be readily determined.

Daily applications and redemptions are reviewed relative to the liquidity of the Trust’s underlying assets on a daily basis by the Responsible Entity. Under the terms of the Trust’s Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

Net assets attributable to unitholders were reclassified from a liability to equity on 1 July 2019 on the adoption of the attribution managed investment trusts regime (“AMIT”). See Note 2 for further disclosure.

4. Distributions

The Trust did not declare or pay any distributions during the half-year (2018: \$nil).

5. Related party transactions

The Responsible Entity of the Trust is InvestSMART Funds Management Ltd, a wholly owned subsidiary of InvestSMART Group (ABN 62111772359). Accordingly, transactions with InvestSMART Funds Management Ltd and its related entities are disclosed below.

The Responsible Entity has contracted services to Intelligent Investor Holdings Pty Limited and InvestSMART Financial Services Pty Ltd, to act as Investment Managers for the Trust. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

The Responsible Entity is regarded as the key management personnel of the Trust.

Professionally Managed Accounts
Notes to the financial report
For the half-year ended 31 December 2019

(i) Directors

Key management personnel include persons who were directors of InvestSMART Funds Management Ltd at any time during or since the end of the financial period and up to the date of this report:

Alastair Davidson
 Peter Ron Hodge
 Andrew Ward

(b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(c) Related party unit holdings

Related parties held the following units at period end:

	Units acquired during the half- year	Units disposed during the half- year	Units held at the end of the half-year	Interest held at half-year end
Alastair Davidson	-	-	1	0.2%
Peter Ron Hodge	1	1	1	0.2%
InvestSMART Financial Services Pty Ltd	-	-	1	0.2%

No distributions were paid or payable during the period.

(d) Key management personnel compensation

Key management personnel are paid by InvestSMART Group Ltd. Payments made from the Trust to InvestSMART Funds Management Ltd do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

(f) Other transactions within the Trust

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

(g) Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Trust's Constitution and Product Disclosure Statement, the Responsible Entity and the Investment Manager are entitled to receive management fees.

During the half-year ended 31 December 2019, InvestSMART Funds Management Ltd received a management fee of 0.55% of Net Asset Value (inclusive of GST) capped at \$451 p.a. on InvestSMART Model Portfolios and a management fee of 0.97% (inclusive of GST) on Intelligent Investor Model Portfolios.

	2019	2018
	\$	\$
Management fees for the period	81,524	437
Total fees payable to the Responsible Entity at period end	18,462	437

Professionally Managed Accounts
Notes to the financial report
For the half-year ended 31 December 2019

6. Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Trust as disclosed in the statement of financial position as at 31 December 2019 or on the results and cash flows of the Trust for the period ended on that date.

7. Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2019 and 30 June 2019.

Professionally Managed Accounts
Directors' declaration
For the half-year ended 31 December 2019

In the opinion of the Directors of the Responsible Entity:

- a) The financial statements and notes that are set out on pages 5 to 12, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the Trust's financial position as at 31 December 2019 and of its performance for the financial period ended on that date.
- b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of InvestSMART Funds Management Ltd.



Andrew Ward
Director

Sydney
11 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Professionally Managed Accounts

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Professionally Managed Accounts (the Fund), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the fund are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2019 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's review report.

Yours sincerely

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman', written over a horizontal line.

Tim Aman

Director

Sydney, 11 March 2020