

Professionally Managed Accounts

ARSN 620 030 382

Financial Report For the half-year ended 31 December 2020

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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 2020 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:
Suite 2, Level 2, 66 Clarence Street
Sydney, NSW 2000

Professionally Managed Accounts
Responsible Entity's report
For the half-year ended 31 December 2020

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 2020.

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 ("CHES") 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 Limited
Investment Managers	Intelligent Investor Holdings Pty Limited and InvestSMART Financial Services Pty Ltd
Statutory Auditor	BDO Audit Pty Ltd

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 338 applications and received 61 redemptions during the half-year.

The Trust's statutory net profit attributable to unitholders for the half-year ended 31 December 2020 was \$nil (2019: \$nil).

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

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.

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.

Professionally Managed Accounts
Responsible Entity's report
For the half-year ended 31 December 2020

Events subsequent to balance date

No matter or circumstance has arisen since 31 December 2020 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 2020 the number of units on issue in the Trust was 1,046 (30 June 2020: 769).

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 2020.

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



Andrew Ward
Director

Sydney
11 March 2021

**DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF INVESTSMART FUNDS
MANAGEMENT LIMITED AS RESPONSIBLE ENTITY OF PROFESSIONALLY MANAGED ACCOUNTS**

As lead auditor for the review of Professionally Managed Accounts for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Professionally Managed Accounts.



Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 11 March 2021

Professionally Managed Accounts**Condensed statement of profit or loss and other comprehensive income****For the half-year ended 31 December 2020**

	31 Dec-20	31 Dec-19
	\$	\$
Revenue from continuing operations		
Finance revenue	-	-
Total revenue from continuing operations and other income	-	-
Expenses		
Management fees	-	-
Administration expenses	-	-
Total expenses	-	-
Operating profit/(loss) before finance costs attributable to unitholders	-	-
Finance costs attributable to unitholders		
Distributions to unitholders	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-
Profit/(loss) for the period	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
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
Condensed statement of financial position
As at 31 December 2020

	31-Dec-20	30-Jun-20
	\$	\$
ASSETS		
Cash and cash equivalents	1,027	769
Receivables	22,086	22,678
Total assets	<u>23,113</u>	<u>23,447</u>
LIABILITIES		
Trade and other payables	22,067	22,678
Total liabilities (excluding net assets attributable to unitholders)	<u>22,067</u>	<u>22,678</u>
Net assets attributable to unitholders - equity	<u>1,046</u>	<u>769</u>

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

Professionally Managed Accounts
Condensed statement of changes in equity
For the half-year ended 31 December 2020

	31-Dec-20	31-Dec-19
	\$	\$
Total equity at the beginning of the period	769	-
Reclassification due to AMIT tax regime implementation*	-	219
Total comprehensive income for the period	-	-
Transactions with unit holders:		
Applications	338	313
Redemptions	61	20
Total equity at the end of the period	<u>1,046</u>	<u>512</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
Condensed statement of cash flows
For the half-year ended 31 December 2020

	2020	2019
	\$	\$
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	319	313
Payments for redemptions by unitholders	61	20
Net cash inflow from financing activity	<u>258</u>	<u>293</u>
Net increase in cash and cash equivalents	258	293
Cash and cash equivalents at the beginning of the period	769	219
Cash and cash equivalents at the end of the period	<u>1,027</u>	<u>512</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 2020

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 registered on 11 July 2017. 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 Suite 2, Level 2, 66 Clarence 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

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

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 Trust for the year ended 30 June 2020. 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 Trust for the year ended 30 June 2020.

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 31 December 2020		Half-year ended 31 December 2019	
	Units	\$	Units	\$
Opening balance	769	769	219	219
Applications	338	338	313	313
Redemptions	61	61	20	20
Distributions paid and payable	-	-	-	-
Profit/(loss) for the period	-	-	-	-
Closing balance	1,046	1,046	512	512

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.

Professionally Managed Accounts
Notes to the financial report
For the half-year ended 31 December 2020

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.

4. Distributions

The Trust did not declare or pay any distributions during the half-year (2019: \$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.

(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) Related party unit holdings and transactions

Related parties held the following units at period end:

	Number of units held at beginning of half-year	Number of units acquired	Number of units disposed	Number of units held at end of half-year	Fair value of investment	Interest held
					\$	%
At 31 December 2020						
Alastair Davidson	2	-	-	2	2	0.2%
Peter Ron Hodge	2	-	-	2	2	0.2%
InvestSMART Financial Services Ltd	1	-	1	-	-	0.0%
At 31 December 2019						
Alastair Davidson	1	-	-	1	1	0.2%
Peter Ron Hodge	-	1	-	1	1	0.2%
InvestSMART Financial Services Ltd	1	-	-	1	1	0.2%

Alastair Davidson disposed of 1 unit subsequent to 31 December 2020.

Professionally Managed Accounts
Notes to the financial report
For the half-year ended 31 December 2020

No distributions were paid or payable during the period.

(c) 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.

(d) 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.

(e) 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.

(f) 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 Managers are entitled to receive management fees.

During the half-year ended 31 December 2020, 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 from 1 July 2020 to 31 October 2020. From 1 November 2020 the fee for Intelligent Investor Model Portfolios was reduced to 0%. From 2 November 2020 the Intelligent Investor Model portfolios hold the corresponding Active Exchange Traded Fund ("Active ETF") issued by InvestSMART Funds Management Ltd. For the Growth Portfolio the Active ETF is the Intelligent Investor Australian Equity Growth Fund (ASX: IIGF). For the Income Portfolio the Active ETF is the Intelligent Investor Australian Equity Income Fund (ASX: INIF). Management fees are deducted directly from unitholders accounts on a monthly basis.

	2020	2019
	\$	\$
Management fees directly charged to unitholders	142,228	81,524
Total fees payable to the Responsible Entity at period end	22,067	22,678

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 2020 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 2020 and 30 June 2020.

Professionally Managed Accounts
Directors' declaration
For the half-year ended 31 December 2020

In the opinion of the Directors of the Responsible Entity:

- a) The financial statements and notes that are set out on pages 5 to 11, 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 2020 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 Limited.



Andrew Ward
Director

Sydney
11 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unitholders 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 condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary 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 accompanying half-year financial report of the Fund does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Fund's financial position as at 31 December 2020 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 the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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*.

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.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 11 March 2021