

MOSAIC STRATEGIC TRUSTS
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

MOSAIC STRATEGIC TRUSTS
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Mosaic Strategic Trusts consist of five separate schemes.

Strategic Global Property Fund
ARSN 133 312 571

Strategic Australian Equity Fund
ARSN 133 312 820

Strategic International Equity Fund
ARSN 133 308 219

Strategic Fixed Interest Fund
ARSN 151 280 723

Strategic Cash Plus Fund
ARSN 158 867 308

MOSAIC STRATEGIC TRUSTS
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

TABLE OF CONTENTS

	Page
Directors' Report	1-4
Lead Auditor's Independence Declaration	5
Independent Auditor's Report to the Unitholders	6-8
Directors' Declaration	9
Statements of Comprehensive Income	10-11
Statements of Financial Position	12
Statements of Changes in Equity	13
Statements of Cash Flows	14-15
Notes to the Financial Statements	16-61

**MOSAIC STRATEGIC TRUSTS
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

The Directors of IOOF Investment Management Limited, the Responsible Entity of the Mosaic Strategic Trusts, present this report together with the financial statements of the Mosaic Strategic Trusts ('the Schemes'), for the year ended 30 June 2018 and the auditor's report thereon.

Principal activities

The Schemes are registered managed investment schemes domiciled in Australia.

During the year, the Schemes continued to invest funds in accordance with the following investment objectives:

- Strategic Global Property Fund: To provide long term capital growth by gaining exposure to a diversified portfolio of listed international and Australian real estate securities.
- Strategic Australian Equity Fund: To provide long term capital growth by gaining exposure to a diversified portfolio of companies listed in Australia with increased exposure to small companies and value companies relative to a market weighted portfolio.
- Strategic International Equity Fund: To provide long term capital growth by gaining exposure to a diversified portfolio of companies associated with approved developed markets (excluding Australia), with increased exposure to small companies and value companies relative to a market weighted portfolio.
- Strategic Fixed Interest Fund: To maximise the total return (including income and capital appreciation) of the portfolio by investing in short term to medium term deposit and global fixed interest and money market securities within portfolio constraints, including controls on portfolio maturity, security maturity, credit quality and diversification.
- Strategic Cash Plus Fund: To provide investment income equivalent to prevailing Australian cash rates by investing in cash and short term interest bearing securities.

The investment objectives are as disclosed in the current Product Disclosure Statements and in accordance with the provisions of the Schemes' Constitutions.

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

The Schemes did not have any employees during the year (2017: Nil).

Responsible Entity

The following persons held office as Directors of IOOF Investment Management Limited during the year and up to the date of this report:

Mr G. Venardos (Chairman)
Mr C. F. Kelaher
Ms E. Flynn (Resigned 31 January 2017; Reappointed 29 August 2017)
Mr G. M Walsh
Ms D. Oldham (Resigned 21 August 2018)
Mr J. Selak

Review of operations

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

MOSAIC STRATEGIC TRUSTS
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

DIRECTORS' REPORT (continued)

Results

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

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund		Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss)	62,163	(27,076)	304,976	367,471	207,468	287,239	33,562	38,453	5,359	4,957
Distributions paid and payable to unitholders	-	(59,951)	-	(128,332)	-	(160,622)	-	(111,945)	-	(4,957)
Transfers (to)/from net assets attributable to unitholders/total comprehensive income	-	87,027	-	(239,139)	-	(126,617)	-	73,492	-	-
Profit for the year	<u>62,163</u>	<u>-</u>	<u>304,976</u>	<u>-</u>	<u>207,468</u>	<u>-</u>	<u>33,562</u>	<u>-</u>	<u>5,359</u>	<u>-</u>
Distributions	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distributions paid and payable	11,109	8,765	44,410	42,242	10,001	11,373	19,369	8,131	2,585	2,186
31 December paid	49,749	51,186	93,191	86,090	151,654	149,249	12,554	103,814	2,773	2,771
30 June final payable	<u>60,858</u>	<u>59,951</u>	<u>137,601</u>	<u>128,332</u>	<u>161,655</u>	<u>160,622</u>	<u>31,923</u>	<u>111,945</u>	<u>5,358</u>	<u>4,957</u>
Distributions (cents per unit)	CPU	CPU	CPU	CPU	CPU	CPU	CPU	CPU	CPU	CPU
31 December paid	25.5000	21.8465	33.8000	33.4495	11.2000	13.3178	9.2500	4.4253	0.9500	0.9230
30 June final payable	<u>110.2158</u>	<u>125.9100</u>	<u>69.8701</u>	<u>68.6453</u>	<u>168.6766</u>	<u>177.0623</u>	<u>5.9091</u>	<u>53.9033</u>	<u>1.0200</u>	<u>1.0759</u>
	<u>135.7158</u>	<u>147.7565</u>	<u>103.6701</u>	<u>102.0948</u>	<u>179.8766</u>	<u>190.3801</u>	<u>15.1591</u>	<u>58.3286</u>	<u>1.9700</u>	<u>1.9989</u>

Performance

The table below demonstrates the performance of the Schemes as represented by the total return per annum, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return per annum calculated after fees is shown for the past two years to 30 June and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC standard 6.0 Product Performance - Calculation of Returns. The comparison to benchmark performance for the past two years to 30 June is also shown below:

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund		Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	%	%	%	%	%	%	%	%
Capital growth	0.23	(11.11)	7.84	12.31	3.00	8.43	0.10	(3.60)	0.01	0.09
Distribution	7.84	7.53	6.33	6.98	9.73	11.20	1.49	5.51	1.96	1.99
Total return	8.07	(3.58)	14.17	19.29	12.73	19.63	1.59	1.91	1.97	2.08
Benchmark return	7.88	(3.52)	13.23	15.74	13.36	17.94	1.78	1.82	1.50	1.52
Benchmark name	Property Composite - S&P Developed REIT		S&P/ASX 300 Ex-A-REIT		MSCI World Ex-Australia		Bloomberg AusBond Bank Bill Index		RBA Cash Rate Target	

Consistent with our statements in the current Product Disclosure Statement, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

**MOSAIC STRATEGIC TRUSTS
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

DIRECTORS' REPORT (continued)

Indirect Cost Ratio

The indirect cost ratios of the Schemes are shown as follows:

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund		Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
Indirect Cost Ratios	0.38	0.39	0.30	0.31	0.42	0.43	0.28	0.29	0.25	0.25

The costs are calculated on the net asset value of the Schemes and are deducted from the assets of the Schemes. The costs are accrued daily and paid monthly and are incorporated into the daily unit prices of the Schemes. The indirect cost ratio calculation includes investment management fees charged to the Schemes during the financial year, including those charged by the Responsible Entity directly for the management of the assets.

Significant changes in state of affairs

During the year the Schemes amended their Constitutions with effect from 1 July 2017 to be able to opt in to the AMIT tax regime which amends their obligation to distribute income to unitholders. In the Opinion of the Directors of the Responsible Entity, there were no other significant changes in the state of affairs that occurred during the financial year.

Matters subsequent to the end of the financial year

Except as disclosed in the financial statements, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

**MOSAIC STRATEGIC TRUSTS
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

DIRECTORS' REPORT (continued)

Likely developments and expected results of operations

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

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

Further information on likely developments in the operation of the Schemes 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 Schemes.

Indemnification and insurance of officers and auditors

There is a Directors' and Officers' insurance policy which indemnifies the Directors and Officers of IOOF Investment Management Limited against liabilities to persons outside IOOF Investment Management Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the Schemes. The auditor of the Schemes is in no way indemnified out of the assets of the Schemes.

Fees paid to and interests held in the Schemes by the Responsible Entity or its Related Parties

Details of fees paid to the Responsible Entity during the financial year are disclosed in Note 13 of the financial statements.

The interests in the Schemes held by the Responsible Entity or its related parties during the financial year are disclosed in Note 13 of the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report and financial statements for the Schemes have been rounded to the nearest thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, unless otherwise stated.

Lead auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act* 2001, is set out on page 5 and forms part of the Directors' Report for the year ended 30 June 2018.

Signed in accordance with a resolution of the Directors of IOOF Investment Management Limited.

On behalf of the Directors,



Mr C. F. Kelaher
Director

Melbourne, 29 August 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IOOF Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Strategic Global Property Fund, Strategic Australian Equity Fund, Strategic International Equity Fund, Strategic Fixed Interest Fund, and Strategic Cash Plus Fund for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Rachel Milum

Rachel Milum

Partner

Melbourne

29 August 2018



Independent Auditor's Report

To the unitholders of the Mosaic Strategic Trusts:

*Strategic Global Property Fund;
Strategic Australian Equity Fund;
Strategic International Equity Fund;
(collectively "the Schemes")*

*Strategic Fixed Interest Fund; and
Strategic Cash Plus Fund;*

Opinion

We have audited the **Financial Report** of the Schemes.

In our opinion, the accompanying Financial Report of the Schemes is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the Schemes' financial position as at 30 June 2018, and of their financial performance and their cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statements of financial position as at 30 June 2018;
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Schemes in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.



Other Information

Other Information is financial and non-financial information in the Schemes' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of IOOF Investment Management Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors of IOOF Investment Management Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Schemes' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they intend to liquidate the Schemes or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

A handwritten version of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink that reads 'Rachel Milum'.

Rachel Milum

Partner

Melbourne

29 August 2018

**MOSAIC STRATEGIC TRUSTS
DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

The Directors of IOOF Investment Management Limited, the Responsible Entity of the Mosaic Strategic Trusts ('the Schemes') declare that:

- (a) the financial statements and notes set out on pages 10 to 61 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Schemes' financial position as at 30 June 2018 and of their performance for the year ended on that date;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of IOOF Investment Management Limited.

On behalf of the Directors,



Mr C. F. Kelaher
Director

Melbourne, 29 August 2018

MOSAIC STRATEGIC TRUSTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
		Year ended		Year ended		Year ended	
	Note	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<u>Investment Income</u>							
Trust distribution income and dividend income		34,184	33,263	99,787	92,026	41,733	40,042
Interest income	8	148	79	309	145	356	123
Net gains/(losses) on financial instruments held at fair value through profit or loss	7	34,002	(53,932)	212,039	281,369	169,767	259,528
Net gains/(losses) on foreign exchange		232	(1,145)	-	-	8,733	(1,162)
Other income		294	2	51	544	40	898
Total investment income/(loss)		<u>68,860</u>	<u>(21,733)</u>	<u>312,186</u>	<u>374,084</u>	<u>220,629</u>	<u>299,429</u>
<u>Expenses</u>							
Responsible Entity fees	13	2,176	1,911	3,636	2,363	4,599	2,718
Investment Management fees		648	698	3,123	3,643	2,717	3,478
Custody fees		-	169	-	264	-	380
Withholding tax		3,740	2,380	79	42	5,201	5,308
Transaction costs		63	47	200	180	342	161
Other operating expenses		70	138	172	121	302	145
Total operating expenses		<u>6,697</u>	<u>5,343</u>	<u>7,210</u>	<u>6,613</u>	<u>13,161</u>	<u>12,190</u>
Operating profit/(loss)		<u>62,163</u>	<u>(27,076)</u>	<u>304,976</u>	<u>367,471</u>	<u>207,468</u>	<u>287,239</u>
<u>Finance costs attributable to unitholders from operations</u>							
Distributions to unitholders	4	-	(59,951)	-	(128,332)	-	(160,622)
Transfers (to)/from net assets attributable to unitholders	3	-	87,027	-	(239,139)	-	(126,617)
Profit/(loss) for the year		<u>62,163</u>	<u>-</u>	<u>304,976</u>	<u>-</u>	<u>207,468</u>	<u>-</u>
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		<u>62,163</u>	<u>-</u>	<u>304,976</u>	<u>-</u>	<u>207,468</u>	<u>-</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

MOSAIC STRATEGIC TRUSTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
		Year ended		Year ended	
	Note	30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000
<u>Investment Income</u>					
Interest income	8	407	181	49	36
Trust distribution income		-	-	5,988	5,515
Net gains/(losses) on financial instruments held at fair value through profit or loss	7	37,171	44,837	-	-
Net gains/(losses) on foreign exchange		1,898	(1,251)	-	-
Other income		4	129	-	1
Total investment income/(loss)		39,480	43,896	6,037	5,552
<u>Expenses</u>					
Responsible Entity fees	13	3,419	2,769	661	579
Investment Management fees		2,342	2,344	-	-
Transaction costs		11	221	-	-
Other operating expenses		146	109	17	16
Total operating expenses before finance costs		5,918	5,443	678	595
Operating profit/(loss)		33,562	38,453	5,359	4,957
<u>Finance costs attributable to unitholders from operations</u>					
Distributions to unitholders	4	-	(111,945)	-	(4,957)
Transfers (to)/from net assets attributable to unitholders	3	-	73,492	-	-
Profit/(loss) for the year		33,562	-	5,359	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		33,562	-	5,359	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

MOSAIC STRATEGIC TRUSTS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>		Note					
Cash and cash equivalents	14(a)	16,216	9,715	17,330	21,968	40,441	26,501
Receivables		8,862	9,270	21,432	32,601	4,681	4,804
Financial assets held at fair value through profit or loss	5	822,341	743,813	2,443,712	2,113,569	1,847,005	1,685,594
Total assets		847,419	762,798	2,482,474	2,168,138	1,892,127	1,716,899
<u>Liabilities</u>							
Distributions payable	4	49,749	51,186	93,191	86,090	151,654	149,249
Other payables		1,874	1,854	6,141	4,173	4,701	4,045
Financial liabilities held at fair value through profit or loss	6	6,718	192	-	-	19,086	752
Total liabilities (excluding net assets attributable to unitholders)		58,341	53,232	99,332	90,263	175,441	154,046
Net assets attributable to unitholders - liability*	3	-	709,566	-	2,077,875	-	1,562,853
Net assets attributable to unitholders - equity*	3	789,078	-	2,383,142	-	1,716,686	-
		Strategic Fixed Interest Fund		Strategic Cash Plus Fund			
		30 June 2018	30 June 2017	30 June 2018	30 June 2017		
		\$'000	\$'000	\$'000	\$'000		
<u>Assets</u>		Note					
Cash and cash equivalents	14(a)	26,285	23,802	1,963	2,378		
Receivables		12,719	33,446	546	490		
Financial assets held at fair value through profit or loss	5	2,171,685	2,032,704	274,922	260,656		
Total assets		2,210,689	2,089,952	277,431	263,524		
<u>Liabilities</u>							
Distributions payable	4	12,554	103,814	2,773	2,771		
Other payables		15,822	5,512	234	261		
Financial liabilities held at fair value through profit or loss	6	11,512	14,844	-	-		
Total liabilities (excluding net assets attributable to unitholders)		39,888	124,170	3,007	3,032		
Net assets attributable to unitholders - liability*	3	-	1,965,782	-	260,492		
Net assets attributable to unitholders - equity*	3	2,170,801	-	274,424	-		

* Effective from 1 July 2017, the Schemes' units have been reclassified from financial liability to equity. Refer to Note 1 for further details.

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

MOSAIC STRATEGIC TRUSTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	Note	30 June 2018 \$000	30 June 2017 \$000	30 June 2018 \$000	30 June 2017 \$000	30 June 2018 \$000	30 June 2017 \$000
Total equity at the beginning of the year		-	-	-	-	-	-
Reclassification due to AMIT tax regime implementation*	3	709,566	-	2,077,875	-	1,562,853	-
Comprehensive income for the year							
Profit/(loss) for the year		62,163	-	304,976	-	207,468	-
Total comprehensive income for the year		62,163	-	304,976	-	207,468	-
Transactions with unitholders							
Applications		151,323	-	370,051	-	296,534	-
Reinvested distributions		7,324	-	18,799	-	21,995	-
Redemptions		(80,440)	-	(250,958)	-	(210,509)	-
Distributions paid and payable		(60,858)	-	(137,601)	-	(161,655)	-
Total transactions with unitholders		17,349	-	291	-	(53,635)	-
Total equity at the end of the year*		789,078	-	2,383,142	-	1,716,686	-
		Strategic Fixed Interest Fund		Strategic Cash Plus Fund			
	Note	30 June 2018 \$000	30 June 2017 \$000	30 June 2018 \$000	30 June 2017 \$000		
Total equity at the beginning of the year		-	-	-	-		
Reclassification due to AMIT tax regime implementation*	3	1,965,782	-	260,492	-		
Comprehensive income for the year							
Profit/(loss) for the year		33,562	-	5,359	-		
Total comprehensive income for the year		33,562	-	5,359	-		
Transactions with unitholders							
Applications		500,493	-	111,921	-		
Reinvested distributions		20,358	-	519	-		
Redemptions		(317,471)	-	(98,509)	-		
Distributions paid and payable		(31,923)	-	(5,358)	-		
Total transactions with unitholders		171,457	-	8,573	-		
Total equity at the end of the year*		2,170,801	-	274,424	-		

* Effective from 1 July 2017, the Schemes' units have been reclassified from financial liability to equity. Refer to Note 1 for further details. As a result, equity transactions, including distributions have been disclosed in the above statement for the year ended 30 June 2018.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MOSAIC STRATEGIC TRUSTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	Year ended		Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities						
Interest received	147	77	309	143	351	123
Trust distributions and dividends received	33,572	32,665	82,363	93,437	41,767	40,041
Net proceeds from the sale of financial instruments held for trading	13,768	9,579	7	323	(1,557)	25,645
Proceeds from the sale of financial instruments held at fair value through profit or loss	90,286	52,697	274,654	333,190	317,701	264,004
Payments for the purchase of financial instruments held at fair value through profit or loss	(140,763)	(63,588)	(361,997)	(242,848)	(280,299)	(236,293)
Other income received	294	-	20	386	40	939
Operating expenses paid	(8,256)	(4,064)	(6,926)	(6,589)	(13,351)	(12,226)
Net cash inflow/(outflow) from operating activities	14(b) <u>(10,952)</u>	<u>27,366</u>	<u>(11,570)</u>	<u>178,042</u>	<u>64,652</u>	<u>82,233</u>
Cash flows from financing activities						
Proceeds from application of units	128,275	95,724	309,313	217,606	249,985	168,993
Payments for redemption of units	(55,847)	(89,461)	(190,679)	(309,735)	(163,437)	(199,982)
Distributions paid	(54,971)	(30,234)	(111,702)	(74,408)	(137,254)	(53,661)
Net cash inflow/(outflow) from financing activities	<u>17,457</u>	<u>(23,971)</u>	<u>6,932</u>	<u>(166,537)</u>	<u>(50,706)</u>	<u>(84,650)</u>
Net increase/(decrease) in cash and cash equivalents	6,505	3,395	(4,638)	11,505	13,946	(2,417)
Cash and cash equivalents at the beginning of the financial year	9,715	6,321	21,968	10,463	26,501	28,920
Effect of foreign currency translation on cash and cash equivalents	(4)	(1)	-	-	(6)	(2)
Cash and cash equivalents at the end of the financial year	14(a) <u>16,216</u>	<u>9,715</u>	<u>17,330</u>	<u>21,968</u>	<u>40,441</u>	<u>26,501</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

MOSAIC STRATEGIC TRUSTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
		Year ended		Year ended	
		30 June 2018 \$'000 Inflows/ (Outflows)	30 June 2017 \$'000 Inflows/ (Outflows)	30 June 2018 \$'000 Inflows/ (Outflows)	30 June 2017 \$'000 Inflows/ (Outflows)
Cash flows from operating activities					
Interest received		417	175	49	39
Trust distributions received		-	-	-	5,526
Net payments for the purchase of financial instruments held for trading		(18,845)	106,595	-	-
Proceeds from the sale of financial instruments held at fair value through profit or loss		1,207,076	990,845	32,963	26,620
Payments for the purchase of financial instruments held at fair value through profit or loss		(1,259,914)	(1,166,840)	(41,311)	(67,002)
Other income received		4	129	-	1
Operating expenses paid		(5,747)	(5,351)	(663)	(609)
Net cash inflow/(outflow) from operating activities	14(b)	<u>(77,009)</u>	<u>(74,447)</u>	<u>(8,962)</u>	<u>(35,425)</u>
Cash flows from financing activities					
Proceeds from application of units		451,968	445,016	104,962	119,899
Payments for redemption of units		(269,688)	(240,841)	(91,550)	(78,992)
Distributions paid		(102,825)	(117,361)	(4,865)	(4,842)
Net cash inflow/(outflow) from financing activities		<u>79,455</u>	<u>86,814</u>	<u>8,547</u>	<u>36,065</u>
Net increase/(decrease) in cash and cash equivalents		2,446	12,367	(415)	640
Cash and cash equivalents at the beginning of the financial year		23,802	11,468	2,378	1,738
Effect of foreign currency translation on cash and cash equivalents		37	(33)	-	-
Cash and cash equivalents at the end of the financial year	14(a)	<u>26,285</u>	<u>23,802</u>	<u>1,963</u>	<u>2,378</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 1: General information

This financial report covers the Mosaic Strategic Trusts ('the Schemes') as individual entities. The Schemes are registered managed investment schemes under the *Corporations Act 2001*.

Scheme information

The Schemes are Australian registered schemes.

Scheme Name	Date of Commencement	Date of Termination
Strategic Global Property Fund	9 December 2008	8 December 2088
Strategic Australian Equity Fund	9 December 2008	8 December 2088
Strategic International Equity Fund	9 December 2008	8 December 2088
Strategic Fixed Interest Fund	13 August 2011	12 August 2091
Strategic Cash Plus Fund	15 November 2012	14 November 2092

The Responsible Entity of the Schemes is IOOF Investment Management Limited. The Responsible Entity's registered office is Level 6, 161 Collins Street, Melbourne, VIC 3000. The Responsible Entity's ABN number is 53 006 695 021.

The financial statements were authorised for issue by the Directors on 29 August 2018. The Directors of the Responsible Entity have the power to amend and reissue the financial report as considered necessary under the Schemes' Constitutions.

Certain comparative amounts have been reclassified to conform with the current year presentation. Certain comparative amounts have been reclassified to conform with the current year presentation.

Reclassification of units from financial liability to equity

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. The Responsible Entity is therefore no longer contractually obligated to pay distributions. Consequently the units in the Schemes have been re-classified from a financial liability to equity on 1 July 2017, see Note 3 for further information. Certain comparative amounts have been reclassified to conform with the current year presentation. Certain comparative amounts have been reclassified to conform with the current year presentation.

Note 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 to all years presented, unless otherwise stated in the following text:

(a) Basis of preparation

The financial report is a general purpose financial report for the year ended 30 June 2018 which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Schemes complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standard Board (IASB).

The financial statements have been prepared on a historical-cost basis except for financial instruments at fair value through profit or loss and held for trading, which are measured at fair value. Financial instruments classified as loans and receivables are measured at amortised cost.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 2: Summary of significant accounting policies (continued)

The Statement of Financial Position is prepared 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 generally expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

(b) Financial instruments

(i) Classification

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

• Financial instruments held for trading

These include futures, forward contracts, options and interest rate swaps. All derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held for trading. Derivative financial instruments entered into by the Schemes do not meet the hedge accounting requirements as defined by AASB 139. Consequently, hedge accounting is not applied by the Schemes.

• Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These include investments in fixed interest securities, equity instruments and units in unlisted managed investment schemes.

The fair value through profit or loss classification is available for the majority of the financial assets held by the Schemes and the financial liabilities arising from the units must be fair valued. Therefore, not fair valuing the financial assets used in calculating the fair value of the liability would result in an accounting mismatch. In addition, the Schemes' performance and risk management is assessed on a fair value basis.

Financial assets that are classified as loans and receivables and measured at amortised cost include cash and cash equivalents, margin accounts, mortgages, loans and receivables.

Financial liabilities at amortised cost include margin accounts, distributions payable and other payables.

(ii) Recognition/derecognition

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date at which the Schemes becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

The Schemes derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 2: Summary of significant accounting policies (continued)

(iii) *Measurement*

Financial instruments held at fair value through profit or loss

Financial assets and financial liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition or issue recognised in the Statement of Comprehensive Income. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

The following represent the basis for valuation of financial assets and liabilities designated at fair value through profit or loss for financial reporting purposes:

- **Money Market Securities**
Money Market Securities are fair valued using quoted 'mid' prices from an exchange.
- **Interest Bearing**
Interest Bearing Securities are fair valued using quoted 'mid' prices from an exchange.
- **Term Deposits**
Investments in term deposits are recorded at the fair value of the investment determined to be the principal amount.
- **Listed Equities**
Shares that are listed or traded on an exchange are fair valued using quoted 'mid' prices from that exchange, as at the close of business on the day the shares are being valued.
- **Listed Property Trusts**
Units that are listed or traded on an exchange are fair valued using quoted 'mid' prices from that exchange, as at close of business on the day the shares are being
- **Units in Unlisted Managed Investment Schemes**
The fair value of units in unlisted managed investment schemes is the NAV price per unit on the last day of the period, as determined by the Schemes' Responsible Entity. The NAV price is calculated by deducting the liabilities of the Schemes from the gross assets of the Schemes.

If a quoted market price is not available on a recognised stock exchange, from an investment's Responsible Entity or from the brokers/dealers for non-exchange traded financial instruments, the fair value of the instrument is estimated using the last available quoted market price or other valuation techniques, which includes the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Derivative financial instruments

Derivative financial instruments are classified as held for trading, as the Schemes do not designate any derivatives as hedges in a hedging relationship. Derivatives are recognised at cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values for financial assets and liabilities are obtained from quoted market 'mid' prices in active markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

If a quoted market price is not available on a recognised stock exchange or from the brokers/dealers for non-exchange traded financial instruments, the fair value of the instrument is estimated using the last available quoted market price or other valuation techniques, which includes the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 2: Summary of significant accounting policies (continued)

(iii) Measurement (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loan assets are measured initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses, if any. Such assets are reviewed at the reporting date to determine whether there is objective evidence of impairment.

If any such indication of impairment exists, impairment testing is carried out and an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

(c) Foreign currency translation

Functional and presentation currency

Items included in the Schemes' financial statements are measured using the currency of the primary economic environment in which they operate ('the functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Schemes compete for funds and is regulated. The Australian dollar is also the Schemes' presentation currency.

Transactions and balances

Transactions in foreign currencies are translated into Australian dollars at the foreign currency exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the foreign currency closing exchange rates at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that values were determined.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Comprehensive Income. Foreign currency exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in net gains/(losses) on financial instruments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately as net gains/(losses) on foreign exchange in the Statement of Comprehensive Income.

(d) Net assets attributable to unitholders

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

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

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

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 Schemes' 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;

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 2: Summary of significant accounting policies (continued)

(d) Net assets attributable to unitholders (continued)

- 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 Schemes, and it is not a contract settled in the Schemes' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

As at 30 June 2017, net assets attributable to unitholders are classified as a financial liability. Effective from 1 July 2017, the Schemes' units have been reclassified from financial liability to equity as they satisfied all of the above criteria.

(e) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than investment or other purposes. Bank overdrafts are shown in current liabilities on the Statement of Financial Position but are included within cash and cash equivalents for cash flow purposes.

(f) Investment income and expenses

Interest income and expense, including interest income and expense from non-derivative financial assets at fair value through profit and loss, are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including withholding tax, if any.

Accrued interest income on assets held at fair value through the profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

Dividend income relating to exchange-traded equity instruments is recognised in the Statement of Comprehensive Income on the ex-dividend date with any related foreign withholding tax recorded as an expense. Dividends declared on securities sold short is accrued on the ex-dividend date and are recognised as a dividend in the Statement of Comprehensive Income. Income distributions from private equity investments and other managed investment schemes are recognised in the Statement of Comprehensive Income as trust distribution income when declared.

In some cases, the Schemes may receive or choose to receive dividends or distributions in the form of additional shares/units rather than cash. In such cases, the Schemes recognise the dividend or distribution income for the amount of the cash/dividend alternative with the corresponding debit treated as additional investments.

All expenses, including Responsible Entity fees, performance fees and investment management fees, are recognised in the Statement of Comprehensive Income on an accrual basis.

(g) Distributions

Distributions are payable as set out in the Schemes Product Disclosure Statements. Distributions are determined by the Responsible Entity in accordance with the Schemes' Constitutions and applicable tax legislation. Distributable income includes realised capital gains on the disposal of financial instruments held at fair value through profit and loss and those held for trading. Unrealised gains and losses on these instruments recognised in net income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained in the Schemes to be offset against future realised capital gains. If capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign taxes paid are passed on to unitholders.

The Schemes currently incur withholding tax imposed by certain countries on investment income. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 2: Summary of significant accounting policies (continued)

(h) Finance costs

In the comparative period distributions paid on units were recognised in the Statement of Comprehensive Income as finance costs and as a liability until paid. As a result of the Schemes adopting the AMIT tax regime these are now classified as distributions paid directly out of equity and shown in the Statement of Changes in Equity. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

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

Income which has not been distributed by the Schemes are included in net assets attributable to unitholders. In the comparative period movements in net assets attributable to unitholders were recognised in profit or loss as finance costs. Due to the adoption of the AMIT tax regime these movements are now recognised in the Statement of Changes in Equity with effect from 1 July 2017.

(j) Receivables

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

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

(k) Payables

Payables includes liabilities and accrued expenses owing by the Schemes which are unpaid as at the reporting date. Amounts due to brokers which represents payables for securities purchased that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2018 under the Schemes' Constitutions.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 2: Summary of significant accounting policies (continued)

(l) Applications and redemptions

Applications received for units in the Schemes are recorded net of any entry fees payable prior to the issue of units in the Schemes.

All redeemable units issued by the Schemes provide the investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the Product Disclosure Statements, the Schemes are contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Schemes on disposal of its assets required to fund the redemptions. As a result of the transaction cost factor, there will be a difference between the carrying amount of the net assets of the Schemes (excluding the unitholders' funds classified as a financial liability) and the contractual amount payable to unitholders which is based on the redemption price.

(m) Unit prices

The unit price is based on unit price accounting outlined in the Schemes' Constitutions and Product Disclosure Statements.

(n) Goods and services tax (GST)

Management fees, custodial fees and other expenses are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included. 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.

(o) Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the majority of the Schemes' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using other valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Where investments are held at Level 3, models use observable market data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Note 11 Financial Risk Management contains information about the estimation of fair values of financial instruments.

(p) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 2: Summary of significant accounting policies (continued)

(q) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Schemes have a legal right to offset the amounts and they intend either to settle on a net basis or realise the asset and settle the liability simultaneously.

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

(r) Changes in accounting policies

There were no changes in the accounting policies of the Schemes during the year.

(s) Rounding of amounts

The Schemes are entities of the kind referred to in Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

(t) New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Schemes. The assessment of the impact of these new standards (to the extent relevant to the Schemes) and interpretations is set below:

AASB 9 Financial Instruments

AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018) addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is applicable for financial years commencing on or after 1 January 2018 but is available for early adoption. The Directors have assessed the impact of AASB 9 on the Schemes' financial statements. Given no debt instruments are held by the Schemes, which could result in a reclassification of the financial instruments to amortised cost or fair value through other comprehensive income ('FVOCI'), the adoption of AASB 9 is not expected to have a significant impact on the recognition and measurement of the Schemes' financial instruments. The derecognition rules have not been changed from the previous requirements, and the Schemes do not apply hedge accounting.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers, (effective from 1 January 2018). The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Schemes' main sources of income are interest, dividends, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Schemes' accounting policies or the amounts recognised in the financial statements.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 3: Net assets attributable to unitholders

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

Prior to 1 July 2017 the Schemes classified net assets attributable to unitholders as liabilities in accordance with AASB 132. On 1 July 2017, the Schemes elected into the AMIT tax regime, therefore the net assets attributable to unitholders of the Schemes meet the criteria set out under AASB 132 and are classified as equity from 1 July 2017 onwards.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Schemes' distributions are no longer classified as a finance cost in the Statement of Comprehensive Income, but rather as distribution paid in the Statement of Changes in Equity.

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

	Strategic Global Property Fund				Strategic Australian Equity Fund			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000	\$'000
Opening balance*	40,652	709,566	40,115	787,242	125,413	2,077,875	130,616	1,924,734
Applications	8,612	151,323	6,015	112,558	21,033	370,051	16,173	271,446
Reinvested distributions	417	7,324	159	3,090	1,102	18,799	597	9,418
Redemptions	(4,544)	(80,440)	(5,637)	(106,297)	(14,170)	(250,958)	(21,973)	(366,862)
Distributions paid and payable	-	(60,858)	-	-	-	(137,601)	-	-
Transfer to/(from) net assets attributable to unitholders/Total comprehensive Income	-	62,163	-	(87,027)	-	304,976	-	239,139
Closing Balance*	<u>45,137</u>	<u>789,078</u>	<u>40,652</u>	<u>709,566</u>	<u>133,378</u>	<u>2,383,142</u>	<u>125,413</u>	<u>2,077,875</u>

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 3: Net assets attributable to unitholders (continued)

	Strategic International Equity Fund				Strategic Fixed Interest Fund			
	30 June 2018		30 June 2017		30 June 2018		30 June 2017	
	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000	\$'000
Opening balance*	84,292	1,562,853	85,658	1,463,647	192,593	1,965,782	172,022	1,820,044
Applications	14,930	296,534	10,841	206,702	48,863	500,493	47,555	507,089
Reinvested distributions	1,179	21,995	390	6,825	1,994	20,358	1,887	19,981
Redemptions	(10,493)	(210,509)	(12,597)	(240,938)	(30,995)	(317,471)	(28,871)	(307,840)
Distributions paid and payable	-	(161,655)	-	-	-	(31,923)	-	-
Transfer to/(from) net assets attributable to unitholders/Total comprehensive Income	-	207,468	-	126,617	-	33,562	-	(73,492)
Closing Balance*	<u>89,908</u>	<u>1,716,686</u>	<u>84,292</u>	<u>1,562,853</u>	<u>212,455</u>	<u>2,170,801</u>	<u>192,593</u>	<u>1,965,782</u>

	Strategic Cash Plus Fund			
	30 June 2018		30 June 2017	
	No. of units '000	\$'000	No. of units '000	\$'000
Opening balance*	257,522	260,492	217,209	219,501
Applications	110,105	111,921	131,116	133,342
Reinvested distributions	513	519	286	289
Redemptions	(96,865)	(98,509)	(91,089)	(92,640)
Distributions paid and payable	-	(5,358)	-	-
Transfer to/(from) net assets attributable to unitholders/Total comprehensive Income	-	5,359	-	-
Closing Balance*	<u>271,275</u>	<u>274,424</u>	<u>257,522</u>	<u>260,492</u>

*Net assets attributable to unitholders are classified as equity at 30 June 2018 and as a financial liability at 30 June 2017. Refer to Note 1 for further details.

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual share in the Schemes and does not extend to a right to the underlying assets of the Schemes. There are no separate classes of units and each unit has the same rights attached to it as all other units of the Schemes. Units are issued and redeemed at the unitholder's option at prices based on the value of the Schemes' net assets at the time of issue/redemption less transaction costs.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 3: Net assets attributable to unitholders (continued)

Capital risk management

The Schemes manage their net assets attributable to unitholders (including distribution payable) as capital, notwithstanding net assets attributable to unitholders were classified as a liability until 30 June 2017. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

The Schemes monitor the level of daily applications and redemptions relative to the liquid assets in the Schemes. During the year, the Schemes' strategy, which was unchanged from last year, was to ensure that there was no significant exposure to illiquid or thinly traded financial instruments.

Note 4: Distributions paid and payable

The distributions paid and payable during the year were as follows:

	Strategic Global Property Fund				Strategic Australian Equity Fund			
	Year ended				Year ended			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
31 December paid	11,109	25.5000	8,765	21.8465	44,410	33.8000	42,242	33.4495
30 June final payable	49,749	110.2158	51,186	125.9100	93,191	69.8701	86,090	68.6453
	<u>60,858</u>	<u>135.7158</u>	<u>59,951</u>	<u>147.7565</u>	<u>137,601</u>	<u>103.6701</u>	<u>128,332</u>	<u>102.0948</u>
	Strategic International Equity Fund				Strategic Fixed Interest Fund			
	Year ended				Year ended			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
31 December paid	10,001	11.2000	11,373	13.3178	19,369	9.2500	8,131	4.4253
30 June final payable	151,654	168.6766	149,249	177.0623	12,554	5.9091	103,814	53.9033
	<u>161,655</u>	<u>179.8766</u>	<u>160,622</u>	<u>190.3801</u>	<u>31,923</u>	<u>15.1591</u>	<u>111,945</u>	<u>58.3286</u>
	Strategic Cash Plus Fund							
	Year ended							
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU				
31 December paid	2,585	0.9500	2,186	0.9230				
30 June final payable	2,773	1.0200	2,771	1.0759				
	<u>5,358</u>	<u>1.9700</u>	<u>4,957</u>	<u>1.9989</u>				

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 5: Financial assets held at fair value through profit or loss

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	Year ended		Year ended		Fund Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading						
Derivatives	119	4,931	-	-	323	11,673
Total held for trading	119	4,931	-	-	323	11,673
Designated at fair value through profit or loss						
Equity securities	55,226	46,732	2,443,712	2,027,198	1,844,414	1,673,616
Listed unit trusts	766,996	692,150	-	86,371	2,268	305
Total designated at fair value through profit or loss	822,222	738,882	2,443,712	2,113,569	1,846,682	1,673,921
Total financial assets held at fair value through profit or loss	822,341	743,813	2,443,712	2,113,569	1,847,005	1,685,594
Comprising:						
Equity securities						
Equity securities	55,226	46,732	2,443,712	2,027,198	1,844,414	1,673,616
Total equity securities	55,226	46,732	2,443,712	2,027,198	1,844,414	1,673,616
Listed unit trusts						
Units in listed trusts	766,996	692,150	-	86,371	2,268	305
Total listed unit trusts	766,996	692,150	-	86,371	2,268	305
Derivatives						
Forward foreign currency contracts	119	4,931	-	-	323	11,673
Total derivatives	119	4,931	-	-	323	11,673
Total financial assets held at fair value through profit or loss	822,341	743,813	2,443,712	2,113,569	1,847,005	1,685,594

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 5: Financial assets held at fair value through profit or loss

	Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Held for trading				
Derivatives	17,592	32,833	-	-
Total held for trading	17,592	32,833	-	-
Designated at fair value through profit or loss				
Fixed interest securities	2,154,093	1,976,928	-	-
Unlisted unit trusts	-	-	274,922	260,656
Discount securities	-	22,943	-	-
Total designated at fair value through profit or loss	2,154,093	1,999,871	274,922	260,656
Total financial assets held at fair value through profit or loss	2,171,685	2,032,704	274,922	260,656
Comprising:				
Interest bearing securities				
Fixed interest securities	2,154,093	1,976,928	-	-
Total interest securities	2,154,093	1,976,928	-	-
Unlisted unit trusts				
Units in unlisted trusts	-	-	274,922	260,656
Total unlisted unit trusts	-	-	274,922	260,656
Discount securities				
Certificate of deposit	-	22,943	-	-
Total unlisted unit trusts	-	22,943	-	-
Derivatives				
Forward foreign currency contracts	17,592	32,833	-	-
Total derivatives	17,592	32,833	-	-
Total financial assets held at fair value through profit or loss	2,171,685	2,032,704	274,922	260,656

Note 6: Financial liabilities held at fair value through profit or loss

Page 29

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 7: Net gains/(losses) on financial instruments held at fair value through profit or loss

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	Year ended		Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Net gains/(losses) on financial instruments held for trading	2,199	11,005	7	(322)	(29,685)	27,166
Net gains/(losses) on financial instruments designated at fair value through profit or loss	31,803	(64,937)	212,032	(281,047)	199,452	232,362
Total net gains/(losses) on financial instruments held at fair value through profit or loss	34,002	(53,932)	212,039	(281,369)	169,767	259,528
	Year ended		Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$	\$
Financial liabilities						
Net gains/(losses) on financial instruments held for trading	-	-	-	-	-	-
Total net gains/(losses) on financial instruments held at fair value through profit or loss	34,002	(53,932)	212,039	(281,369)	169,767	259,528
	Strategic Fixed Interest Fund					
	Year ended					
	30 June 2018	30 June 2017				
	\$'000	\$'000				
Financial assets						
Net gains/(losses) on financial instruments held for trading	(32,614)	82,079				
Net gains/(losses) on financial instruments designated at fair value through profit or loss	69,785	(37,242)				
Total net gains/(losses) on financial instruments held at fair value through profit or loss	37,171	44,837				
Financial liabilities						
Net gains/(losses) on financial instruments held for trading	-	-				
Total net gains/(losses) on financial instruments held at fair value through profit or loss	37,171	44,837				

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 8: Interest income

The following table details the interest income earned by the Schemes during the year:

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	Year ended		Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income from financial assets that are not at fair value through profit or loss:						
Cash and cash equivalents	148	79	309	145	356	123
Interest income from loans and receivables:						
Total interest income	<u>148</u>	<u>79</u>	<u>309</u>	<u>145</u>	<u>356</u>	<u>123</u>

	Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Interest income from financial assets that are not at fair value through profit or loss:				
Cash and cash equivalents	407	181	49	36
Total interest income	<u>407</u>	<u>181</u>	<u>49</u>	<u>36</u>

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 9: Derivative financial instruments

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

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

Derivative transactions include a wide assortment of instruments, such as forwards, futures, interest rate swaps and options. Derivatives are considered to be part of the investment process. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash

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

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

Strategic Global Property Fund						
	30 June 2018			30 June 2017		
	Contract/ notional value \$'000	Fair Value		Contract/ notional value \$'000	Fair Value	
		Assets	Liabilities		Assets	Liabilities
		\$'000	\$'000		\$'000	\$'000
Forward foreign currency contracts	(6,599)	119	6,718	4,739	4,931	192
Total derivative instruments	(6,599)	119	6,718	4,739	4,931	192

Strategic International Equity Fund						
	30 June 2018			30 June 2017		
	Contract/ notional value \$'000	Fair Value		Contract/ notional value \$'000	Fair Value	
		Assets	Liabilities		Assets	Liabilities
		\$'000	\$'000		\$'000	\$'000
Forward foreign currency contracts	(18,763)	323	19,086	10,921	11,673	752
Total derivative instruments	(18,763)	323	19,086	10,921	11,673	752

Strategic Fixed Interest Fund						
	30 June 2018			30 June 2017		
	Contract/ notional value \$'000	Fair Value		Contract/ notional value \$'000	Fair Value	
		Assets	Liabilities		Assets	Liabilities
		\$'000	\$'000		\$'000	\$'000
Forward foreign currency contracts	6,080	17,592	11,512	17,989	32,833	14,844
Total derivative instruments	6,080	17,592	11,512	17,989	32,833	14,844

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 10: Financial Instruments

Carrying amount versus fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts in the Statement of Financial Position.

Fair value hierarchy

The Schemes' accounting policy on fair value measurements is discussed in Note 2.

The Schemes measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Schemes can access at measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation.

Strategic Global Property Fund								
	30 June 2018				30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss								
Equity securities	55,226	-	-	55,226	46,732	-	-	46,732
Units in listed unit trusts	766,996	-	-	766,996	692,150	-	-	692,150
	822,222	-	-	822,222	738,882	-	-	738,882
Financial assets held for trading								
Forward foreign currency contracts	-	119	-	119	-	4,931	-	4,931
	-	119	-	119	-	4,931	-	4,931
Financial liabilities held for trading								
Forward foreign currency contracts	-	6,718	-	6,718	-	192	-	192
	-	6,718	-	6,718	-	192	-	192

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 10: Financial Instruments

Strategic Australian Equity Fund								
	30 June 2018				30 June 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss								
Equity securities	2,443,694	-	18	2,443,712	2,027,015	-	183	2,027,198
Units in listed unit trusts	-	-	-	-	86,371	-	-	86,371
	2,443,694	-	18	2,443,712	2,113,386	-	183	2,113,569

Strategic International Equity Fund									
	30 June 2018					30 June 2017			
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss									
Equity securities	1,844,380	-	34	1,844,414		1,673,600	-	16	1,673,616
Units in listed unit trusts	2,268	-	-	2,268		305	-	-	305
	<u>1,846,648</u>	<u>-</u>	<u>34</u>	<u>1,846,682</u>		<u>1,673,905</u>	<u>-</u>	<u>16</u>	<u>1,673,921</u>
Financial assets held for trading									
Forward foreign currency contracts	-	323	-	323		-	11,673	-	11,673
International warrants	-	-	-	-		-	-	-	-
	<u>-</u>	<u>323</u>	<u>-</u>	<u>323</u>		<u>-</u>	<u>11,673</u>	<u>-</u>	<u>11,673</u>
Financial liabilities held for trading									
Forward foreign currency contracts	-	19,086	-	19,086		-	752	-	752
	<u>-</u>	<u>19,086</u>	<u>-</u>	<u>19,086</u>		<u>-</u>	<u>752</u>	<u>-</u>	<u>752</u>

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 10: Financial Instruments

Strategic Fixed Interest Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Fixed interest securities	-	2,154,093	-	2,154,093	-	1,976,928	-	1,976,928
Discount securities	-	-	-	-	-	22,943	-	22,943
	-	2,154,093	-	2,154,093	-	1,999,871	-	1,999,871
Financial assets held for trading								
Forward foreign currency contracts	-	17,592	-	17,592	-	32,833	-	32,833
	-	17,592	-	17,592	-	32,833	-	32,833
Financial liabilities held for trading								
Forward foreign currency contracts	-	11,512	-	11,512	-	14,844	-	14,844
	-	11,512	-	11,512	-	14,844	-	14,844

Strategic Cash Plus Fund

	30 June 2018				30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Units in unlisted unit trusts	-	274,922	-	274,922	-	260,656	-	260,656
	-	274,922	-	274,922	-	260,656	-	260,656

The valuation of managed investment schemes included in Level 2 is based on the daily net asset value of the managed investment schemes provided by the investment manager.

Level 2 fair values for simple, over the counter derivative financial instruments are based on broker quotes. These quotes are tested for reasonableness by discounting expected future cash flows using the market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include an adjustment to take account of the credit risk of the Schemes and counterparty where appropriate.

The Schemes recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There have been no transfers between levels for the year ended 30 June 2018 and 30 June 2017 for Strategic Fixed Interest Fund and Strategic Cash Plus Fund.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 10: Financial Instruments (continued)

The following table presents the transfers between levels for the year ended 30 June 2018 and 30 June 2017 for Strategic Global Property Fund, Strategic Australian Equity Fund and Strategic International Equity Fund.

		Strategic Australian Equity Fund							
		30 June 2018				30 June 2017			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transfer between Levels 1 and 3									
Units in listed unit trusts		164	-	(164)	-	-	-	-	-
		164	-	(164)	-	-	-	-	-
		Strategic International Equity Fund							
		30 June 2018				30 June 2017			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transfer between Levels 1 and 3									
Equity securities		5	-	(5)	-	64	-	(64)	-
Equity securities		(3)	-	3	-	(16)	-	16	-
		2	-	(2)	-	48	-	(48)	-

As at 30 June 2018, the transfers between Level 3 to Level 1 includes securities which had observable as well as unobservable market prices .

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 10: Financial Instruments (continued)

Movement in level 3 instruments

The following table presents the movement in Level 3 instruments for the year ended 30 June 2018 and 30 June 2017 by class of financial instrument:

	Strategic Global Property Fund		Strategic Australian Equity Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	-	13	183	399
Purchases	-	-	-	-
Sales	-	-	-	(58)
Transfer out of Level 3	-	-	(164)	-
Transfer into Level 3	-	-	-	-
Gains and losses recognised in profit or loss	-	(13)	(1)	(158)
Closing balance	-	-	18	183

	Strategic International Equity Fund	
	2018 \$'000	2017 \$'000
Opening balance	16	289
Purchases	-	-
Sales	-	(63)
Transfer out of Level 3	(5)	(64)
Transfer into Level 3	3	16
Gains and losses recognised in profit or loss	20	(162)
Closing balance	34	16

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 10: Financial Instruments (continued)

Significant unobservable inputs used in measuring fair value

Strategic Australian Equity Fund

	Fair Value			
30 June 2018	\$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	<u>18</u>	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>18</u>			
	Fair Value			
30 June 2017	\$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	<u>183</u>	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>183</u>			

Strategic International Equity Fund

	Fair Value			
30 June 2018	\$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	<u>34</u>	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>34</u>			
	Fair Value			
30 June 2017	\$'000	Valuation technique	Unobservable inputs	Sensitivity to changes in significant unobservable inputs
Equity securities	<u>16</u>	Last available listed price.	Market activity/active trading.	The investment's fair value would increase or decrease depending on the demand in the market for the security.
	<u>16</u>			

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management

Strategy in using financial instruments

The Schemes are exposed to a variety of financial risks: credit risk, liquidity risk, market risk (including price risk, foreign exchange risk and interest rate risk) arising from the financial instruments they hold.

The Schemes' overall risk management program focuses on ensuring compliance with the Schemes' governing documents and seeks to maximise the returns derived for the level of risk to which the Schemes are exposed. As part of its risk management strategy, the Schemes may also utilise a range of derivative financial instruments to manage certain risk exposures.

The Responsible Entity via the Investment Manager assesses the risk profile before entering into economic hedge transactions. The effectiveness of all hedge relationships is monitored by the Investment Manager (based on economic consideration rather than IFRS hedge accounting conditions) on a daily basis.

More details about risk management policies employed by the Schemes to manage financial risks are discussed below.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Schemes, resulting in a financial loss to the Schemes.

The Schemes are exposed to concentrations of risk 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.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring that transactions are undertaken with a large number of counterparties (either directly or indirectly).

The Schemes' Responsible Entity also manages credit risk by ensuring that a diversified portfolio of securities is held and that the Schemes do not invest in securities that are considered to be rated sub investment grade by a recognised rating agency.

Other than Strategic Fixed Interest Fund, the Schemes had no significant concentrations of credit risk exposure to counterparties at 30 June 2018 and 30 June 2017.

As at 30 June 2018 and 30 June 2017, there are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

An analysis of fixed interest securities by credit rating is set out in the table below.

	Strategic Fixed Interest Fund	
	30 June 2018	30 June 2017
Debt securities Rating		
AAA	25.51%	30.01%
AA+	11.03%	12.32%
AA	8.53%	3.95%
AA-	13.19%	17.04%
A+	8.68%	6.07%
A	3.92%	5.86%
A-	2.98%	2.55%
BBB+	4.82%	3.62%
BBB	2.23%	3.19%
BBB-	1.64%	1.07%
Not rated/unavailable	17.47%	14.32%
Total	<u>100.00%</u>	<u>100.00%</u>

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' credit position on a continuous basis.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

Liquidity and cash flow risk

Liquidity risk is the risk that the Schemes will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Schemes. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate.

The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' liquidity position on a continuous basis.

Financial liabilities of the Schemes comprise distributions payable, other payables, and net assets attributable to unitholders. Distributions payable and other payables have no contractual maturities but are typically settled within 30 days. Net assets attributable to unitholders are payable on demand.

The table below analyses the Schemes' financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At 30 June 2018	Strategic Fixed Interest Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Distributions payable	12,554	-	-	-
Other payables	15,822	-	-	-
Financial liabilities held at fair value through profit or loss	10,629	883	-	-
Total financial liabilities	39,005	883	-	-

At 30 June 2017	Strategic Fixed Interest Fund			
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	More than 12 months \$'000
Distributions payable	103,814	-	-	-
Other payables	5,512	-	-	-
Financial liabilities held at fair value through profit or loss	14,844	-	-	-
Net assets attributable to unitholders	1,965,782	-	-	-
Total financial liabilities	2,089,952	-	-	-

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates, equity prices and credit spreads will affect the Schemes' income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Schemes' Responsible Entity aims to reduce market risk through analysis of the economic cycle and broad research of companies and markets, which may impact the Schemes' investments. In addition, the Responsible Entity, within asset allocation ranges, reduces exposure to sectors they perceive to be overvalued in favour of sectors which they believe have the prospect of better relative returns.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' market risk on a continuous basis.

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible change in market factors, with all other variables held constant, is indicated in the table below.

Strategic Global Property Fund								
	30 June 2018				30 June 2017			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000	%	%	\$'000	\$'000
Market Index								
Property Composite - S&P Developed REIT	24	(9)	196,565	(73,406)	21	(21)	157,382	(157,382)

Strategic Australian Equity Fund								
	30 June 2018				30 June 2017			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000	%	%	\$'000	\$'000
Market Index								
S&P/ASX 300 Ex-A-REIT	25	(10)	610,928	(244,371)	20	(20)	429,055	(429,055)

Strategic International Equity Fund								
	30 June 2018				30 June 2017			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000	%	%	\$'000	\$'000
Market Index								
MSCI World Ex-Australia	23	(9)	420,421	(164,513)	19	(19)	321,058	(321,058)

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

Strategic Fixed Interest Fund								
	30 June 2018				30 June 2017			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000	%	%	\$'000	\$'000
Market Index								
Bloomberg AusBond Bank Bill Index	4	(2)	86,407	(43,203)	5	(5)	90,194	(90,194)
Strategic Cash Plus Fund								
	30 June 2018				30 June 2017			
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000	%	%	\$'000	\$'000
Market Index								
RBA Cash Rate Target	3	1	8,248	2,749	5	(5)	11,912	(11,912)

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The Responsible Entity establishes interest rate management strategies to manage the risk of the Schemes. This includes managing exposures around the benchmark and hedging exposures through the use of derivatives.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' overall interest sensitivity position on a continuous basis.

Interest rate risk is not considered to be significant to the Schemes except in relation to investments in interest bearing securities. However, the Schemes do hold cash for liquidity and transactional purposes and this cash is held at floating rates of interest.

The table below summarises the Schemes' exposure to interest rate risk at 30 June 2018 and 30 June 2017:

	Strategic Fixed Interest Fund					Total \$'000
	Floating interest rate \$'000	Within 1 year \$'000	Fixed interest rate 1 to 5 years \$'000	Over 5 years \$'000	Non - Interest bearing \$'000	
30 June 2018						
Assets						
Cash and cash equivalents	26,285	-	-	-	-	26,285
Receivables	-	-	-	-	12,719	12,719
Financial assets held at fair value through profit or loss	-	584,502	1,569,592	-	17,591	2,171,685
Total assets	26,285	584,502	1,569,592	-	30,310	2,210,689
Liabilities						
Distributions payable	-	-	-	-	12,554	12,554
Other payables	-	-	-	-	15,822	15,822
Financial liabilities held at fair value through profit or loss	-	-	-	-	11,512	11,512
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	39,888	39,888
Net exposure	26,285	584,502	1,569,592	-	(9,578)	2,170,801

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

		Strategic Fixed Interest Fund				
		Fixed interest rate				
	Floating interest rate \$'000	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non - Interest bearing \$'000	Total \$'000
30 June 2017						
Assets						
Cash and cash equivalents	23,802	-	-	-	-	23,802
Receivables	-	-	-	-	33,446	33,446
Financial assets held at fair value through profit or loss	-	310,865	1,689,006	-	32,833	2,032,704
Total assets	23,802	310,865	1,689,006	-	66,279	2,089,952
Liabilities						
Distributions payable	-	-	-	-	103,814	103,814
Other payables	-	-	-	-	5,512	5,512
Financial liabilities held at fair value through profit or loss	-	-	-	-	14,844	14,844
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	124,170	124,170
Net exposure	23,802	310,865	1,689,006	-	(57,891)	1,965,782

		Change in interest rate		Effect on net assets attributable to unitholders and profit or loss	
		Increase basis point	Decrease basis point	Decrease \$'000	Increase \$'000
30 June 2018		149	(149)	392	(392)
30 June 2017		149	(149)	355	(355)

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

Foreign exchange risk

The Schemes invest in financial instruments and enters into transactions that are denominated in currencies other than their functional currency. Consequently, the Schemes are exposed to risk that the exchange rate of their currency relative to other foreign currency may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Schemes' financial assets or liabilities denominated in currencies other than the Australian dollar. This risk can either be partially or fully offset by hedging using forward exchange contracts or appropriate derivative instruments.

When investing in international shares, the Responsible Entity generally leaves the currency exposure unhedged. However, the underlying international shares may be hedged to reduce the impact of any adverse movement in the Australian dollar. This approach to hedging is strategic rather than tactical and occurs relatively infrequently.

When investing in international property securities, the Responsible Entity generally hedges the Schemes' assets to reduce the impact of any adverse movement in the Australian dollar. This means that from time to time, the Schemes may accept unhedged or over hedged exposures.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' currency position on a continuous basis.

The foreign exchange risk disclosures have been prepared on the basis of the Schemes' direct investments and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosures of currency risk in the Note may not represent the true currency risk profile of the Schemes where the Schemes have significant investments in feeder trusts which also have exposure to the foreign currency markets.

The table below summarises the Schemes' exposure to foreign exchange risks.

	Strategic Global Property Fund							
	Australian Dollar	US Dollar	Euro	British pound	Japanese yen	Singapore Dollar	Other	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2018								
Assets								
Cash and cash equivalents	18,977	8,432	(12,476)	676	131	48	428	16,216
Receivables	4,077	2,230	1,028	206	360	126	835	8,862
Due from brokers - receivable for securities sold				-				-
Financial assets held at fair value through profit or loss	138,775	489,182	50,929	31,580	49,750	18,354	43,771	822,341
Total assets	161,829	499,844	39,481	32,462	50,241	18,528	45,034	847,419
Liabilities								
Distributions payable	49,749	-	-	-	-	-	-	49,749
Payables	1,874	-	-	-	-	-	-	1,874
Financial liabilities held at fair value through profit or loss	-	5,678	488	148	404	-	-	6,718
Total liabilities(excluding net assets attributable to unitholders)	51,623	5,678	488	148	404	-	-	58,341
Net assets attributable to unitholders	110,206	494,166	38,993	32,314	49,837	18,528	45,034	789,078

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

	Strategic Global Property Fund							Total
	Australian Dollar	US Dollar	Euro	British Pound	Japanese Yen	Singapore Dollar	Other	
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2017								
Assets								
Cash and cash equivalents	8,611	471	30	143	2	-	458	9,715
Receivables	5,633	2,318	137	21	623	243	295	9,270
Financial assets held at fair value through profit or loss	156,942	417,426	37,238	28,995	44,757	17,099	41,356	743,813
Total assets	171,186	420,215	37,405	29,159	45,382	17,342	42,109	762,798
Liabilities								
Distributions payable	51,186	-	-	-	-	-	-	51,186
Payables	1,854	-	-	-	-	-	-	1,854
Financial liabilities held at fair value through profit or loss	-	-	89	103	-	-	-	192
Total liabilities (excluding net assets attributable to unitholders)	53,040	-	89	103	-	-	-	53,232
Net assets attributable to unitholders	118,146	420,215	37,316	29,056	45,382	17,342	42,109	709,566
	Strategic International Equity Fund							Total
	Australian Dollar	US Dollar	Euro	British Pound	Japanese Yen	Canadian Dollar	Other	
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2018								
Assets								
Cash and cash equivalents	9,004	14,337	29	453	657	1,106	14,855	40,441
Receivables	316	1,309	1,245	657	198	113	843	4,681
Financial assets held at fair value through profit or loss	280	1,083,892	182,136	108,419	159,532	52,927	259,819	1,847,005
Total assets	9,600	1,099,538	183,410	109,529	160,387	54,146	275,517	1,892,127
Liabilities								
Distributions payable	151,654	-	-	-	-	-	-	151,654
Payables	4,701	-	-	-	-	-	-	4,701
Financial liabilities held at fair value through profit or loss	-	14,465	2,500	929	1,192	-	-	19,086
Total liabilities (excluding net assets attributable to unitholders)	156,355	14,465	2,500	929	1,192	-	-	175,441
Net assets attributable to unitholders	(146,755)	1,085,073	180,910	108,600	159,195	54,146	275,517	1,716,686

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

	Strategic International Equity Fund							Total
	Australian Dollar A\$'000	US Dollar A\$'000	Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Canadian Dollar A\$'000	Other A\$'000	
30 June 2017								
Assets								
Cash and cash equivalents	14,974	7,176	21	836	405	669	2,420	26,501
Receivables	81	1,697	1,077	469	164	205	1,111	4,804
Financial assets held at fair value through profit or loss	11,674	973,340	171,046	98,635	143,645	46,879	240,375	1,685,594
Total assets	26,729	982,213	172,144	99,940	144,214	47,753	243,906	1,716,899
Liabilities								
Distributions payable	149,249	-	-	-	-	-	-	149,249
Payables	4,045	-	-	-	-	-	-	4,045
Financial liabilities held at fair value through profit or loss	-	-	470	282	-	-	-	752
Total liabilities (excluding net assets attributable to unitholders)	153,294	-	470	282	-	-	-	154,046
Net assets attributable to unitholders	(126,565)	982,213	171,674	99,658	144,214	47,753	243,906	1,562,853
	Strategic Fixed Interest Fund							Total
	Australian Dollar A\$'000	US Dollar A\$'000	EUR A\$'000	British Pound A\$'000	Canadian Dollar A\$'000	Swedish Krona A\$'000	Other A\$'000	
30 June 2018								
Assets								
Cash and cash equivalents	24,105	469	612	71	1,003	1	24	26,285
Receivables	12,719	-	-	-	-	-	-	12,719
Financial assets held at fair value through profit or loss	223,494	595,315	712,826	263,217	247,740	129,093	-	2,171,685
Total assets	260,318	595,784	713,438	263,288	248,743	129,094	24	2,210,689
Liabilities								
Distributions payable	12,554	-	-	-	-	-	-	12,554
Payables	4,944	-	10,878	-	-	-	-	15,822
Financial liabilities held at fair value through profit or loss	248	9,629	978	63	594	-	-	11,512
Total liabilities (excluding net assets attributable to unitholders)	17,746	9,629	11,856	63	594	-	-	39,888
Net assets attributable to unitholders	242,572	586,155	701,582	263,225	248,149	129,094	24	2,170,801

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

	Strategic Fixed Interest Fund							Total
	Australian Dollar A\$'000	US Dollar A\$'000	Singapore Dollar A\$'000	British Pound A\$'000	Canadian Dollar A\$'000	Swedish Krona A\$'000	Other A\$'000	
30 June 2017								
Assets								
Cash and cash equivalents	23,579	198	7	13	1	1	3	23,802
Receivables	11,767	5,858	592	10,993	802	2,136	1,298	33,446
Financial assets held at fair value through profit or loss	141,882	964,276	93,323	376,278	202,343	144,550	110,052	2,032,704
Total assets	177,228	970,332	93,922	387,284	203,146	146,687	111,353	2,089,952
Liabilities								
Distributions payable	103,814	-	-	-	-	-	-	103,814
Payables	5,512	-	-	-	-	-	-	5,512
Financial liabilities held at fair value through profit or loss	505	-	-	902	2,191	6,775	4,471	14,844
Total liabilities (excluding net assets attributable to unitholders)	109,831	-	-	902	2,191	6,775	4,471	124,170
Net assets attributable to unitholders	67,397	970,332	93,922	386,382	200,955	139,912	106,882	1,965,782

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible movement of the currency rate against the Australian dollar with all other variables held constant is indicated in the table below:

Strategic Global Property Fund											
		30 June 2018				30 June 2017					
AUD equivalent in exposure by currency		Change in currency rate		Effect on net assets attributable to unitholders and profit or loss		AUD equivalent in exposure by currency		Change in currency rate		Effect on net assets attributable to unitholders and profit or loss	
		Increase	Decrease	Increase	Decrease			Increase	Decrease	Increase	Decrease
Currency	\$'000	%	%	\$'000	\$'000	\$'000	%	%	\$'000	\$'000	
US Dollars	494,166	10	(10)	49,417	(49,417)	420,215	10	(10)	42,022	(42,022)	
Euro	38,993	10	(10)	3,899	(3,899)	37,316	10	(10)	3,732	(3,732)	
British Pound	32,314	10	(10)	3,231	(3,231)	29,056	10	(10)	2,906	(2,906)	
Japanese Yen	49,837	10	(10)	4,984	(4,984)	45,382	10	(10)	4,538	(4,538)	
Singapore Dollar	18,528	10	(10)	1,853	(1,853)	17,342	10	(10)	1,734	(1,734)	

Strategic International Equity Fund										
		30 June 2018						30 June 2017		
	AUD equivalent in exposure by currency	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss		AUD equivalent in exposure by currency	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss	
		Increase	Decrease	Increase	Decrease		Increase	Decrease	Increase	Decrease
Currency	\$'000	%	%	\$'000	\$'000	\$'000	%	%	\$'000	\$'000
US Dollars	1,085,073	10	(10)	108,507	(108,507)	982,213	10	(10)	98,221	(98,221)
Euro	180,910	10	(10)	18,091	(18,091)	171,674	10	(10)	17,167	(17,167)
British Pound	108,600	10	(10)	10,860	(10,860)	99,658	10	(10)	9,966	(9,966)
Japanese Yen	159,195	10	(10)	15,920	(15,920)	144,214	10	(10)	14,421	(14,421)
Canadian Dollar	54,146	10	(10)	5,415	(5,415)	47,753	10	(10)	4,775	(4,775)

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 11: Financial risk management (continued)

Strategic Fixed Interest Fund										
30 June 2018						30 June 2017				
Currency	AUD equivalent in exposure by currency \$'000	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss		AUD equivalent in exposure by currency \$'000	Change in currency rate		Effect on net assets attributable to unitholders and profit or loss	
		Increase	Decrease	Increase	Decrease		Increase	Decrease	Increase	Decrease
		%	%	\$'000	\$'000		%	%	\$'000	\$'000
US Dollars	586,155	10	(10)	58,616	(58,616)	970,332	10	(10)	97,033	(97,033)
British Pound	263,225	10	(10)	26,323	(26,323)	386,382	10	(10)	38,638	(38,638)
Canadian Dollar	248,149	10	(10)	24,815	(24,815)	200,955	10	(10)	20,096	(20,096)
Singapore Dollar	701,582	10	(10)	70,158	(70,158)	93,922	10	(10)	9,392	(9,392)
Swedish Krona	129,094	10	(10)	12,909	(12,909)	139,912	10	(10)	13,991	(13,991)

Note 12: Involvement with unconsolidated structured entities

Investments in unlisted unit trusts, which are considered unconsolidated structured entities, are disclosed in Note 5. The maximum exposure to loss in the unconsolidated structured entities is the fair value disclosed in the Note. The fair value of the exposure will change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed of.

The investments of the Schemes are managed in accordance with the investment mandates with the respective underlying Investment Managers. The investment decisions of the Schemes are based on the analysis conducted by the Investment Manager. The return of the Schemes are exposed to the variability of the performance of the underlying investment strategies. The underlying Investment Managers receive a management fee for undertaking the management of these investments.

As at 30 June 2018 and 30 June 2017, the Schemes have not imposed any significant restrictions (e.g. borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of any unconsolidated structured entity to transfer funds to the Schemes in the form of dividends or to repay loans or advances made to any unconsolidated structured entity by the Schemes.

As at 30 June 2018 and 30 June 2017, the Schemes do not have any current commitments or intentions to provide financial or other support to any unconsolidated structured entity, including commitments or intentions to assist the structured entity in obtaining financial support.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 13: Related party transactions

Responsible Entity

The Responsible Entity of the Mosaic Strategic Trusts is IOOF Investment Management Limited.

The immediate parent entity and the ultimate controlling entity of IOOF Investment Management Limited is IOOF Holdings Ltd.

Key management personnel

Key management personnel includes persons who are Directors of IOOF Investment Management Limited during this reporting period and up to the date of this report:

Mr G. Venardos (Chairman)

Mr C. F. Kelaher

Ms E. Flynn (Resigned 31 January 2017: Reappointed 29 August 2017)

Mr G. M Walsh

Ms D. Oldham (Resigned 21 August 2018)

Mr J. Selak

Responsible Entity fees and other transactions

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity fees	2,176	1,911	3,636	2,363	4,599	2,718
Responsible Entity fees payable	205	201	345	266	436	338

	Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Responsible Entity fees	3,419	2,769	661	579
Responsible Entity fees payable	304	306	58	57

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 13: Related party transactions (continued)

Under the terms of the Schemes' Constitutions, the Responsible Entity, IOOF Investment Management Limited, is entitled to receive maximum management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Schemes as follows:

Strategic Global Property Fund	0.28% per annum (2017: 0.30%)
Strategic Australian Equity Fund	0.16% per annum (2017: 0.14%)
Strategic International Equity Fund	0.26% per annum (2017: 0.22%)
Strategic Fixed Interest Fund	0.16% per annum (2017: 0.17%)
Strategic Cash Plus Fund	0.24% per annum (2017: 0.25%)

All related party transactions are conducted on normal commercial terms and conditions.

Related party schemes' unitholdings

IOOF Investment Management Limited, its related parties and other schemes managed by IOOF Investment Management Limited, held units in the Schemes as follows:

Strategic Global Property Fund

30 June 2018

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	196	237	0.53	73	32	317
Foundation Balanced Fund	352	378	0.84	89	63	513
Foundation Conservative Fund	66	64	0.14	14	16	87
IOOF Portfolio Service Superannuation Fund *	260	1,177	2.61	1,045	128	1,476
IOOF Portfolio Service Investments *	42	280	0.62	273	35	362
	<u>916</u>	<u>2,136</u>	<u>4.74</u>	<u>1,494</u>	<u>274</u>	<u>2,755</u>

30 June 2017

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	169	196	0.48	42	15	288
Foundation Balanced Fund	314	352	0.86	86	48	521
Foundation Conservative Fund	71	66	0.16	17	22	98
IOOF Portfolio Service Superannuation Fund *	-	260	0.63	268	8	327
IOOF Portfolio Service Investments *	-	42	0.10	51	9	52
	<u>554</u>	<u>916</u>	<u>2.23</u>	<u>464</u>	<u>102</u>	<u>1,286</u>

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 13: Related party transactions (continued)

Strategic Australian Equity Fund

30 June 2018						
Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	875	944	0.71	207	138	967
Foundation Balanced Fund	1,177	1,126	0.84	173	224	1,183
Foundation Conservative Fund	222	192	0.14	37	67	200
IOOF Portfolio Service Superannuation Fund *	525	2,782	2.09	2,606	349	2,513
IOOF Portfolio Service Investments *	95	695	0.52	656	56	665
	<u>2,894</u>	<u>5,739</u>	<u>4.30</u>	<u>3,679</u>	<u>834</u>	<u>5,528</u>
30 June 2017						
Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	878	875	0.70	189	192	877
Foundation Balanced Fund	1,233	1,177	0.94	284	340	1,202
Foundation Conservative Fund	279	222	0.18	35	92	230
IOOF Portfolio Service Superannuation Fund *	-	525	0.41	541	16	361
IOOF Portfolio Service Investments *	-	95	0.08	97	2	65
	<u>2,390</u>	<u>2,894</u>	<u>2.31</u>	<u>1,146</u>	<u>642</u>	<u>2,735</u>

Strategic International Equity Fund

30 June 2018						
Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	549	619	0.69	159	89	1,111
Foundation Balanced Fund	657	655	0.73	154	156	1,181
Foundation Conservative Fund	123	112	0.12	22	33	202
IOOF Portfolio Service Superannuation Fund *	478	2,204	2.45	1,962	236	3,867
IOOF Portfolio Service Investments *	70	599	0.67	566	37	1,062
	<u>1,877</u>	<u>4,189</u>	<u>4.66</u>	<u>2,863</u>	<u>551</u>	<u>7,423</u>
30 June 2017						
Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	572	549	0.65	86	109	1,046
Foundation Balanced Fund	684	657	0.78	81	108	1,254
Foundation Conservative Fund	160	123	0.15	11	48	236
IOOF Portfolio Service Superannuation Fund *	-	478	0.56	494	16	846
IOOF Portfolio Service Investments *	-	70	0.08	71	1	125
	<u>1,416</u>	<u>1,877</u>	<u>2.22</u>	<u>743</u>	<u>282</u>	<u>3,507</u>

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 13: Related party transactions (continued)

Strategic Fixed Interest Fund

30 June 2018

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	521	632	0.30	176	65	92
Foundation Balanced Fund	1,866	2,006	0.94	390	250	307
Foundation Conservative Fund	1,171	1,139	0.54	198	230	174
Profile 45	306	310	0.15	75	71	51
Profile 55	7,616	7,744	3.64	1,107	979	1,168
Profile 65	1,079	1,087	0.51	256	248	174
Profile 75	5,066	5,136	2.42	1,116	1,046	793
Profile 85	193	203	0.10	56	46	31
Profile 95	637	734	0.35	188	91	108
Profile Diversified Fixed Interest	661	640	0.30	90	111	99
IOOF Portfolio Service Superannuation Fund *	1,071	6,420	3.02	5,960	611	723
IOOF Portfolio Service Investments *	216	1,350	0.64	1,297	163	186
	<u>20,403</u>	<u>27,401</u>	<u>12.91</u>	<u>10,909</u>	<u>3,911</u>	<u>3,906</u>

30 June 2017

Unitholder	Number of units held opening 000's	Number of units held closing 000's	Interest held %	Number of units acquired 000's	Number of units disposed 000's	Distributions paid/payable by the Scheme \$000's
Foundation Assertive Fund	434	521	0.27	98	11	303
Foundation Balanced Fund	1,614	1,866	0.97	377	125	1,089
Foundation Conservative Fund	1,212	1,171	0.61	269	310	685
Profile 45	293	306	0.16	60	47	178
Profile 55	7,407	7,616	3.95	1,056	847	4,447
Profile 65	1,057	1,079	0.56	192	170	629
Profile 75	4,756	5,066	2.63	782	472	2,954
Profile 85	175	193	0.10	41	23	113
Profile 95	640	637	0.33	76	79	373
Profile Diversified Fixed Interest	668	661	0.34	121	128	386
IOOF Portfolio Service Superannuation Fund *	-	1,071	0.56	1,105	34	577
IOOF Portfolio Service Investments *	-	216	0.11	230	14	116
	<u>18,256</u>	<u>20,403</u>	<u>10.59</u>	<u>4,407</u>	<u>2,260</u>	<u>11,850</u>

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 13: Related party transactions (continued)

Strategic Cash Plus Fund

30 June 2018

	Number of units held opening	Number of units held closing	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Scheme
Unitholder	000's	000's	%	000's	000's	\$000's
Foundation Assertive Fund	1,382	1,588	0.59	340	134	31
Foundation Balanced Fund	6,134	6,297	2.32	921	758	125
Foundation Conservative Fund	4,516	4,199	1.55	465	782	84
IOOF Portfolio Service Superannuation Fund *	2,421	9,292	3.43	9,354	2,483	150
IOOF Portfolio Service Investments *	853	2,294	0.85	6,407	4,966	52
	<u>15,306</u>	<u>23,670</u>	<u>8.74</u>	<u>17,487</u>	<u>9,123</u>	<u>442</u>

30 June 2017

	Number of units held opening	Number of units held closing	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Scheme
Unitholder	000's	000's	%	000's	000's	\$000's
Foundation Assertive Fund	1,188	1,382	0.53	362	168	27
Foundation Balanced Fund	5,526	6,134	2.39	1,226	618	121
Foundation Conservative Fund	4,941	4,516	1.75	715	1,140	93
IOOF Portfolio Service Superannuation Fund *	-	2,421	0.91	2,546	125	26
IOOF Portfolio Service Investments *	-	853	0.33	853	-	9
	<u>11,655</u>	<u>15,306</u>	<u>5.91</u>	<u>5,702</u>	<u>2,051</u>	<u>276</u>

* The information for number of units acquired and disposed shown in this note is sourced from the underlying administration system in IOOF Portfolio Service. These amounts represent the movement in ultimate beneficiary interests in the Schemes and not the movement in units between the Schemes and IOOF Portfolio Service.

Investments

Apart from Strategic Cash Plus Fund, the Schemes did not hold any investments in the Responsible Entity or its related parties during the year (30 June 2017: Nil).

Strategic Cash Plus Fund held investments in the following schemes of which IOOF Investment Management Limited is the Responsible Entity or its related parties:

	Fair value of Investment		Strategic Cash Plus Fund Interest Held		Distribution received/receivable		Distribution receivable	
	2018 \$'000	2017 \$'000	2018 %	2017 %	2018 \$	2017 \$	2018 \$	2017 \$
IOOF Cash Management Trust	274,922	260,656	13.51	11.93	5,988	5,515	534	464
	<u>274,922</u>	<u>260,656</u>	<u>13.51</u>	<u>11.93</u>	<u>5,988</u>	<u>5,515</u>	<u>534</u>	<u>464</u>

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 13: Related party transactions (continued)

Key management personnel compensation

Key management personnel are remunerated by IOOF Investment Management Limited. Payments made from the Schemes to IOOF Investment Management Limited do not include any amount that is directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

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

Other transactions within the Schemes

Apart from those details disclosed in this Note, no key management personnel have entered into a material contract with the Schemes since the end of the previous financial year and there were no material contracts involving Directors interests subsisting at year end.

Key management personnel unitholdings

At 30 June 2018 and 30 June 2017, no Directors of the Responsible Entity held units in the Schemes.

Note 14: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Cash and cash equivalents

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at bank	16,216	9,715	17,330	21,968	40,441	26,501
	<u>16,216</u>	<u>9,715</u>	<u>17,330</u>	<u>21,968</u>	<u>40,441</u>	<u>26,501</u>

	Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank	26,285	23,802	1,963	2,378
	<u>26,285</u>	<u>23,802</u>	<u>1,963</u>	<u>2,378</u>

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

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

	Strategic Global Property Fund		Strategic Australian Equity Fund		Strategic International Equity Fund	
	Year ended		Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year	62,163	-	304,976	-	207,468	-
Net proceeds for financial instruments held for trading	13,768	9,579	7	322	(1,557)	25,644
Proceeds from the sale of financial instruments held at fair value through profit or loss	90,286	52,697	274,654	333,190	317,701	264,004
Payments for the purchase of financial instruments held at fair value through profit or loss	(140,763)	(63,588)	(361,997)	(242,848)	(280,299)	(236,293)
Transaction costs	-	-	-	-	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	(34,002)	53,932	(212,039)	(281,369)	(169,767)	(259,472)
Net (gains)/losses on foreign exchange	(232)	1,145	-	-	(8,733)	1,162
Investment income reinvested	-	-	(15,680)	-	-	-
Net increase/(decrease) in net assets attributable to unitholders	-	(87,027)	-	239,139	-	126,617
Distributions to unitholders	-	59,951	-	128,332	-	160,622
(Increase)/decrease in receivables	(648)	(942)	(1,745)	1,108	(330)	(289)
Increase/(decrease) in payables	7	1,619	254	168	169	238
Net cash inflow/(outflow) from operating activities	(9,421)	27,366	(11,570)	178,042	64,652	82,233

(c) Non-cash financing and operating activities

Re-investment of unitholder distributions	7,324	3,090	18,799	9,418	21,995	6,825
Participation in reinvestment plans	-	-	15,680	-	-	-
Proceeds from application for units	23,048	-	60,738	-	46,548	-
Payments for redemption of units	(23,048)	-	(60,738)	-	(46,548)	-
	<u>7,324</u>	<u>3,090</u>	<u>34,479</u>	<u>9,418</u>	<u>21,995</u>	<u>6,825</u>

Non-distributable income is included in net assets attributable to unitholders. The change in this amount each year (as reported in (b) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 14: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

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

	Strategic Fixed Interest Fund		Strategic Cash Plus Fund	
	Year ended		Year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Total comprehensive income	33,562	-	5,359	-
Proceeds from the sale of financial instruments held at fair value through profit or loss	1,207,076	990,845	32,963	26,620
Payments for the purchase of financial instruments held at fair value through profit or loss	(1,259,914)	(1,166,840)	(41,311)	(67,002)
Net proceeds for financial instruments held for trading	(18,845)	106,595	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	(37,171)	(44,837)	-	-
Net (gains)/losses on foreign exchange	(1,898)	1,251	-	-
Net increase/(decrease) in net assets attributable to unitholders	-	(73,492)	-	-
Investment income reinvested	-	-	(5,918)	-
Distributions to unitholders	-	111,945	-	4,957
(Increase)/decrease in receivables	18	(3)	(56)	(12)
Increase/(decrease) in payables	163	89	1	12
Net cash inflow/(outflow) from operating activities	(77,009)	(74,447)	(8,962)	(35,425)

(c) Non-cash financing and operating activities

Re-investment of unitholder distributions	20,358	19,982	-	289
Participation in reinvestment plans			5,918	
Proceeds from application for units	48,525	-	6,959	-
Payments for redemption of units	(48,525)	-	(6,959)	-
	<u>20,358</u>	<u>19,982</u>	<u>5,918</u>	<u>289</u>

Non-distributable income is included in net assets attributable to unitholders. The change in this amount each year (as reported in (b) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

Note 15: Auditor's remuneration

Auditor's remuneration is paid by the Responsible Entity.

MOSAIC STRATEGIC TRUSTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note 16: Events subsequent to reporting date

No significant events have occurred after the reporting date that affect the interpretation of the financial information contained within this report.

Note 17: Contingent assets and liabilities and Capital commitments

There are no outstanding contingent assets, liabilities or capital commitments as at 30 June 2018 and 30 June 2017.