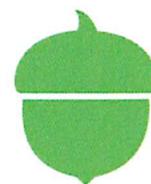


# Annual Report

For the year ended 30 June 2016

Acorns Grow Australia Fund, ARSN 607 533 022



*Invest the Change*



## Contents

Contents .....	2
Directors' Report .....	3
Auditor's Independence Declaration .....	6
Statement of Profit or Loss and Other Comprehensive Income .....	7
Statement of Financial Position .....	8
Statement of Changes in Equity .....	9
Statement of Cash Flows .....	10
Notes to the Financial Statements .....	11
Directors' Declaration .....	22
Independent Auditor's Report .....	23



## Directors' Report

The Responsible Entity of the Scheme is Instreet Investment Limited (ABN 44 128 813 016).

The Directors of Instreet Investment Limited, (the "Responsible Entity"), the Responsible Entity of Acorns Grow Australia Fund ("the Scheme") for the period ended 30 June 2016 present their report together with the financial report of The Scheme, for the period ended 30 June 2016 and the auditors' report thereon.

### Directors

The names of the Directors of Instreet Investment Limited, who were in office at any time during or since the end of the period, are as follows:

Mr David Robert Gordon	Director
Mr Ian Bruce Rae	Director
Mr George Simon Lucas	Managing Director

### Information on current Directors

Director	Special Responsibilities	Experience
Mr David Robert Gordon	Director	Over 34 years of professional and director level experience in financial, tax and business advisory. David has extensive experience in portfolio construction and managed investment schemes.
Mr Ian Bruce Rae	Director	Over 34 years of professional and director level experience in financial, tax and business advisory. David has extensive experience in portfolio construction and managed investment schemes.
Mr George Simon Lucas	Managing Director	Over 33 years industry experience in investment banking and funds management industries specialising in developing, managing and structuring financial products.

The offices of the Responsible Entity are located at Level 11, 2 Bulletin Place, Sydney, NSW 2000.



## Directors' Report (continued)

### Principal Activities

Acorns Grow Australia Limited provides the promotor and administration services to manage the investments of the Scheme.

Acorns Australia is the product of a joint venture between Acorns Grow Inc. of the USA and Instreet. Acorns Grow Inc. was founded by Walter and Jeff Cruttenden in 2012 along with their team of mathematicians, software engineers and financial professionals. Instreet has appointed Acorns Australia as an authorised representative of its Australian financial services licence.

Each member retains a beneficial interest in, and absolute entitlement to, the assets of their portfolio. As the assets of each portfolio are separately maintained and identified, it follows that investors have no interest in the assets as a whole. Great care should therefore be taken in the interpretation of the financial report enclosed herewith, which consolidates the individual holdings, essentially to meet the requirements of the Corporations Act 2001.

### Scheme Information

Acorns Grow Australia Fund was established by execution of a Constitution and registration with the Australian Securities and Investments Commission on 20 August 2015, and therefore these financial statements do not have 2015 comparatives.

Acorns is a micro investing product that offers an easy way to regularly invest either small or large amounts of money using the App on your mobile phone or the Website. Acorns is a registered managed investment scheme. The minimum investment amount is \$5.00. Investments are held beneficially for account holders (subject to any fractional interests, which are pooled). On application, we establish one interest – one Acorns Investment Account – for each investor.

Money in an Acorns Investment Account is invested into a mix of ETFs quoted on the ASX in accordance with one of five different Portfolios selected by the investor (Selected Portfolio). Investors choose the Portfolio best suited to their own goals and financial circumstances. Acorns interacts with investors using a software application developed by Acorns Grow Inc and modified for use in Australia by Acorns Australia. The value of an investors Acorns Investment Account will vary as the market value of the ETFs comprising the Portfolio in which the investor has invested rises and falls.

### Scheme Assets

As at 30 June 2016, Acorns Grow Australia Fund held assets to a total value of \$18,373,941. The basis for valuation of the assets is outlined in Note 2 to the Financial Statements.

### Significant Changes in the State of Affairs

There was no change to the investment strategy or to any fees or conditions for existing mandates.

### Matters Subsequent to the End of the Financial Year

No significant events have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of Acorns Grow Australia Fund, the results of those operations, or the state of affairs of Acorns Grow Australia Fund in subsequent financial years.



## Directors' Report (continued)

### Likely Developments and Expected Results of Operations

There are no developments that are likely to significantly affect the operation of the scheme.

### Environmental Regulation and Performance

The operations of the Scheme are not subject to any particular or significant environmental regulation under a law of the Commonwealth or a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

### Indemnification and Insurance of Directors, Officers and Auditors

The Responsible Entity has indemnified directors and officers of the company, including members of the Compliance Committee, for a period up to seven years after they cease to be an officer, for any actions that may arise as a result of acting in their capacity as directors and officers of the company in respect of: -

- a) Liability to third parties when acting in good faith; and
- b) Costs and expenses of defending legal proceedings and ancillary matters.

During the financial year, the Responsible Entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. No insurance premiums are paid out of the Scheme's assets in relation to insurance cover for the Responsible Entity, its officers and employees and the compliance committee.

The Scheme has not indemnified the auditor of the Scheme.

### Independence

A copy of the Auditor's Independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 7.

### Proceedings on behalf of the Scheme

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Scheme, or to intervene in any proceedings to which the Scheme is a party for the purpose of taking responsibility on behalf of the Scheme for all or part of those proceedings.

Signed in accordance with a resolution of the directors of Instreet Investment Limited.

George Simon Lucas

Director

Sydney

25 October 2016

**DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF INSTREET INVESTMENT LIMITED, RESPONSIBLE ENTITY OF ACORNS GROW AUSTRALIA FUND**

As lead auditor of Acorns Grow Australia Fund for the period ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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



Arthur Milner  
Partner

**BDO East Coast Partnership**

Sydney, 25 October 2016



## Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Investment income</b>			
Net unrealised (loss)/gain on financial assets held at fair value through profit or loss – held for trading		146,100	-
Dividend and distribution income		203,903	-
Interest income from financial assets not held at fair value through profit or loss		3,766	-
Fees received		2,423	-
<b>Total investment income</b>		<b>356,193</b>	<b>-</b>
<b>Expenses</b>			
Bank charges		10	-
Charity donations		284	-
Fees paid to AGA Limited		6,179	-
<b>Total operating expenses</b>		<b>6,474</b>	<b>-</b>
<b>Operating profit attributable to portfolio members</b>		<b>349,719</b>	<b>-</b>
<b>Increase in net assets attributable to portfolio members</b>	8	<b>(349,719)</b>	<b>-</b>
<b>Profit for the year</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income attributable to portfolio members</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for year</b>		<b>-</b>	<b>-</b>

This statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.



## Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	697,911	-
Receivables	5	190,196	-
Financial assets held at fair value through profit or loss	6	17,485,834	-
<b>Total current assets</b>		<b>18,373,941</b>	-
<b>Total assets</b>		<b>18,373,941</b>	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	7	2,164	-
<b>Total current liabilities</b>		<b>2,164</b>	-
<b>Total liabilities excluding net assets attributable to members</b>		<b>2,164</b>	-
<b>Net assets attributable to members</b>	8	<b>18,371,777</b>	-

This statement of financial position should be read in conjunction with the accompanying notes to the financial statements.



## Statement of Changes in Equity

For the period ended 30 June 2016

In accordance with AASB 132 'Financial Instruments: Presentation' net assets attributable to members is classified as a liability rather than equity and hence no statement of changes in equity is presented.

Changes in net assets attributable to members are disclosed in Note 8.

This statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.



## Statement of Cash Flows

For the period ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Dividends and distributions received		17,473	-
Interest received		(4,310)	-
Management fees paid		2,423	-
<b>Net cash provided by operating activities</b>	10	<u>15,587</u>	-
<b>Cash flows from investing activities</b>			
Financial assets acquired		(17,689,453)	-
<b>Net cash used in investing activities</b>		<u>(17,689,453)</u>	-
<b>Cash flows from financing activities</b>			
Net proceeds from applications by portfolio members	8	18,371,777	-
<b>Net cash provided by financing activities</b>		<u>18,371,777</u>	-
Net (decrease)/ increase in cash and cash equivalents held		697,911	-
Cash and cash equivalents at beginning of year		-	-
<b>Cash and cash equivalent at end of year</b>	4	<u><u>697,911</u></u>	-

This statement of cash flows should be read in conjunction with the accompanying notes to the financial statements



## Notes to the Financial Statements

For the period ended 30 June 2016

### 1. Corporate Information

The financial report of Acorns Grow Australia Fund for the period ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 25 October 2016. The financial report is presented in the Australian currency. The Directors have the power to amend and reissue the financial report. Acorns Grow Australia Fund is an Australian Registered Scheme (ARSN 607 533 022) under the Corporations Act 2001, registered on 20 August 2015. The Scheme is a for profit entity. Instreet Investment Limited, Responsible Entity of the Scheme is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 11, 2 Bulletin Place, Sydney NSW 2000.

### 2. Summary of Significant Accounting Policies

The Scheme is non-unitised and operates as a number of separate individual bare trusts.

#### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the Constitution.

Except where stated the financial report has been prepared on the basis of historical costs and does not take into account changing money values or current valuations of assets.

In accordance with the Corporations Act requirements, the investments, liabilities, income and expenses of the bare trusts have been aggregated for the purpose of producing this financial report.

#### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards and with International Financial Reporting Standards ("IFRS") and interpretations, as issued by the International Accounting Standards Board (IASB).

##### Use of estimates and judgements

The preparation of the financial statement 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, revisions in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Note 2(c) Valuation of financial instruments contains information about the estimation of the values of financial instruments.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 2. Summary of Significant Accounting Policies (continued)

#### (c) Financial Instruments

Classification, recognition/recognition and measurement

Financial Assets held at fair value through profit or loss

Financial assets are measured at fair value. The fair values of quoted investments are based on current last traded prices.

Financial assets at fair value through profit or loss are held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit. Fair value movements are recognised in profit or loss.

Investments are classified as fair value through profit or loss and are valued at market value, based on the last available sale price on the Australian Stock Exchange, on approved foreign exchange or on other exchange, in accordance with the provisions of the Constitution, unless otherwise stated.

Subsequent to initial recognition, all instruments are held at fair value through profit or loss and are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income. Financial assets are recognised on trade date, which is the date that the entity commits itself to purchase or sell an asset.

Investments are derecognised when the right to receive cash flow from the investments have expired or the Scheme has transferred substantially all risk and rewards of ownership.

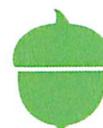
#### (d) Investment Income

Dividend Income

Dividend income from investment in shares is brought to account as income on the payment date applicable to each investment.

Income due and receivable at balance date is carried as a receivable. The net gains/losses do not include interest or dividend income.

The scheme does not pay distributions. The issuers of the underlying ETFs which comprise the Portfolios may pay distributions from time to time. All distributions received by the scheme in respect of an ETF Unit (or fraction of an ETF Unit) that you have been allocated will be automatically re-invested.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 2. Summary of Significant Accounting Policies (continued)

#### Interest Income

Interest income is recognised in the statement of profit or loss and other comprehensive income for all the financial instruments that are not held at fair value through profit and loss using the effective interest method.

#### (e) Cash and cash equivalents

Cash in the statement of financial position comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

#### (f) Amounts Receivable on Settlement of Investments and Dividends

All unsettled sales are recognised as amounts receivable and they are due for settlement within 2 days.

All dividends receivable are recognised on a net basis and are due for settlement 5 business days after payment date.

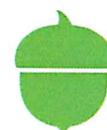
#### (g) Payables

All unsettled purchases are recognised on net basis as amounts payable and they are due for settlement within 2 days.

Payables are carried at cost and represent liabilities for goods and services provided to the Scheme prior to the end of the financial year. Payables include outstanding settlements on the purchase of investments. Payables are normally satisfied within 30 days.

#### (h) Taxation

The Scheme is not a taxable entity. Each investor in the Scheme is the beneficial owner of investments within their portfolio and has responsibility for any taxable income relating to that portfolio as well as being entitled to any imputation or other credits applicable to investments held.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2016**

**2. Summary of Significant Accounting Policies (continued)**

(i) Applications and withdrawals by Portfolio Holders

Applications by Portfolio Holders represent the aggregation of cash entering the Scheme as well as "Regular Saving" amounts.

(j) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(k) Expense Recognition

Responsible Entity's Fee

The Responsible Entity has charged asset management fees in accordance with the Constitution. The asset management fee is a flat fee for accounts less than \$5,000 and then the fee varies by portfolio size and is based on the monthly value of investments.

Custodian's Fees

The Custodian Fees are not paid by the Scheme. The Custodian Fees are paid for by Acorns Grow Australia Limited

Audit and Compliance Fees

Audit and compliance fees are not paid by the Scheme. The Audit and Compliance Fees are paid for by Acorns Grow Australia Limited.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 2. Summary of Significant Accounting Policies (continued)

#### Other reimbursable expenses

The Responsible Entity and Custodian are entitled, under the Constitution, to be reimbursed for certain expenses properly incurred in the running of the scheme. The basis on which the expenses are reimbursable is defined in the Constitution. All expenses are recognised in the profit or loss on an accrual basis.

#### (l) Derivative financial instruments

Acorns Grow Australia Fund may not invest in financial derivatives.

#### (m) New, revised or amending Accounting Standards and Interpretations adopted

The Scheme has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

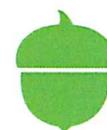
Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Scheme.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the scheme. The scheme's assessment of the impact of these new standards and interpretations is set out below.

#### AASB 9 Financial Instruments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The scheme will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Responsible Entity.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2016**

**2. Summary of Significant Accounting Policies (continued)**

**AASB 15 Revenue from Contracts with Customers**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The Scheme will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Responsible Entity.

**3. Segment Information**

The Scheme operates in one industry segment and one geographical segment being the provision of funds management services in Australia.

	2016 \$	2015 \$
<b>4. Cash and Cash Equivalents</b>		
Cash at bank	697,911	-
	<u>697,911</u>	<u>-</u>
<b>5. Receivables</b>		
Dividends receivable	189,199	-
Unsettled sales	997	-
	<u>190,196</u>	<u>-</u>
Receivables do not contain any financial assets which are past due their normal trading terms and conditions and are not considered to be impaired.		
<b>6. Financial Assets Held at Fair Value through Profit or Loss Equities – Held for Trading</b>		
Quoted on the Australian Securities Exchange	17,485,834	-
	<u>17,485,834</u>	<u>-</u>
<b>7. Payables</b>		
Unsettled purchases	<u>2,164</u>	<u>-</u>
<b>8. Net Assets Attributable to Portfolio Holders</b>		
<b>Classified as liability</b>		
Opening balance	-	-
Applications	23,187,782	-
Redemptions	(5,165,724)	-
Increase in net assets attributable to portfolio holders	349,719	-
Closing balance	<u>18,371,777</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2016**

**9. Related Party Information  
Responsible Entity**

Instreet Investment Limited has been the Responsible Entity of the Scheme since 20 August 2015.

	2016	2015
<b>Responsible Entity's remuneration</b>	<b>\$</b>	<b>\$</b>
Responsible Entity fees	-	-
<b>Related Party – AGA Limited</b>		
Fees paid to AGA Limited	6,179 -	--

**Key Management Personnel (KMP)**

The Scheme does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage its activities and the Directors of this entity are considered the KMP. The directors of the Responsible Entity Instreet Investment Limited are key management personnel of the responsible entity.

No compensation is paid directly by the Scheme to any of the key management personnel of the Responsible Entity.

**10. Reconciliation of Net Cash Provided by Operating Activities to Net Operating Profit/(Loss)**

	2016	2015
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	349,719	-
<i>Adjustments for</i>		
Unrealised losses/ (gains)	(146,100)	-
<i>Changes in operating assets and liabilities</i>		
Increase in payables	2,164	
Increase in dividends receivable	(190,196)	-
Net cash provided by operating activities	<u>15,587</u>	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 11. Financial Risk Management

#### a. Financial Risk Management Policies

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Scheme's financial instruments consist mainly of deposits with banks, financial assets at fair value through the profit and loss, receivables, payables, and financial liabilities. The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's Product Disclosure Statement ("PDS") and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by the management team of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity (the Board). This involves monitoring the external investment managers compliance with the PDS for the Scheme.

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and ratings analysis for credit risk.

#### i. Market Risk

##### (a) Price Risk

The Scheme is exposed to equity securities price risk to the extent of all equity type assets held on the statement of financial position. The risk includes loss of some or all capital, the assets may provide less income in the future or they may provide none. The risk arises from investments held by the Scheme and classified on the statement of financial position at fair value through profit or loss. This risk is mitigated by compliance with the Scheme's PDS and risk management techniques including diversification across sectors, tracking error analysis and adherence to mandate rules across the various portfolios. However, the managers do not intend to reduce or eliminate market risk through the use of futures contracts or short selling. The Scheme is not exposed to commodity price risk. The impact mainly arises from the reasonably possible change in the fair value of quoted exchange traded funds and the fact that concentration of investments is in the Australian equities market.

##### (b) Foreign currency risk

The Scheme is exposed to fluctuations in foreign currencies because some of the assets of the Scheme which are US issued securities are held in Australian dollars.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 11. Financial Risk Management (continued)

#### a. Financial Risk Management Policies (continued)

##### (c) Cash flow and fair value Interest Rate Risk

The Scheme's exposure to fair value interest rate risk arises because of exposure to financial instruments at fixed rates. The majority of mandates invest in equities and have low or nil exposure to fixed interest securities.

The Schemes exposure to cash flow interest rate risk arises from its exposure to financial instruments at variable rates which in the case of the Scheme is simply cash or cash equivalents and the level of cash in each individual mandate is determined by the investment manager and varies from a minimum of 2 percent to a maximum of 100 percent for cash mandate.

Compliance with the mandate models is checked weekly and reported to the compliance manager monthly. Therefore the Scheme's exposure to cash flow and fair value interest rate risk is low. The risk is demonstrated using sensitivity analysis in Note 11 (b).

#### ii. Credit risk

The Scheme is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. This exposure may arise from cash and cash equivalents and other receivables.

All transactions in listed and quoted securities are settled/paid for upon delivery using the Custodian. The risk of default is low, as delivery of securities sold is only made once the Custodian has received payment. No impairment was made at 30 June 2016.

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

There was not considered to be any significant credit risk associated with cash and cash equivalents as all amounts are represented by deposits with Australian ADIs or international equivalent institutions.

The Scheme did not have any material credit risk exposure to any single receivable or group receivables under financial instruments entered in by the Scheme.

In accordance with the Compliance policies and Plan, the Responsible Entity monitors the Scheme's credit position daily and reports to the Board and the Compliance Committee regularly.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any allowance for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

#### iii) Liquidity risk

The Scheme manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash levels are maintained. The Scheme did not have any borrowings as at 30 June 2016. The Scheme was not unitised and therefore members have redemptions paid wholly in cash. All of the Scheme's assets are quoted securities and are regarded as readily realisable because they are quoted on ASX.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2016**

**11. Financial Risk Management (continued)**

**a. Financial Risk Management Policies (continued)**

**v) Fair Values Estimation**

The carrying amounts of all the Scheme's financial assets and financial liabilities at the balance date approximated their fair values as all financial assets and liabilities not fair valued are short-term in nature.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance date.

**vi) Fair Values Hierarchy**

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows: The scheme measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant observable inputs. The category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments are required to reflect differences between the instruments.

All balance sheet items are held at fair value and are measured at Level 1 (quoted price) in the fair value measurement hierarchy.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 11. Financial Risk Management (continued)

#### b. Sensitivity Analysis

##### Market Price Risk:

The Scheme has performed a sensitivity analysis relating to its exposure market price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in the market risk.

##### Market Price Sensitivity Analysis:

At 30 June 2016, the effect on profit and net assets as a result of 5% increase or decrease in the market price of equity investments, net of put and call option liabilities, with all other variables remaining constant, would be \$0.875 million.

##### Foreign Exchange Rate Sensitivity Analysis:

At 30 June 2016, no sensitivity analysis has been performed for foreign exchange risk as all the securities are quoted on the ASX.

### 12. Capital Management

The Responsible Entity managed the net assets of the Scheme attributable to portfolio holders as capital, notwithstanding net assets attributable to portfolio holders are classified as a liability, to ensure that the Scheme can fund its operations and continue as a going concern.

The Scheme's capital includes financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Scheme.

The Scheme had no debt, therefore the gearing ratio is nil at balance sheet date.

### 13. Events Occurring after the Reporting Period

No significant events have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of the Acorns Grow Australia Fund, the results of those operations, or the state of affairs of the Scheme in subsequent financial years.

### 14. Contingent assets and liabilities and commitments

There are no outstanding assets, liabilities or commitments as at 30 June 2016.



## Directors' Declaration

For the period ended 30 June 2016

The directors of Instreet Investment Limited, the Responsible Entity of Acorns Grow Australia Fund declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, and accompanying notes are in accordance with the Corporations Act 2001 and:
  - a. Comply with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. Give a true and fair view of the Scheme's financial position as at 30 June 2016 and of its performance for the year ended on that date.
2. The Scheme has included an explicit and unreserved statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements.
3. In the directors' opinion, there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of Instreet Investment Limited and is signed for and on behalf of the directors by:



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George Simon Lucas

Director

Sydney

25 October 2016

## INDEPENDENT AUDITOR'S REPORT

To the members of Acorns Grow Australia Fund

### Report on the Financial Report

We have audited the accompanying financial report of Acorns Grow Australia Fund (the "Scheme"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Financial Report

The directors of Instreet Investment Limited, the Responsible Entity, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Scheme's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

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

## Opinion

In our opinion:

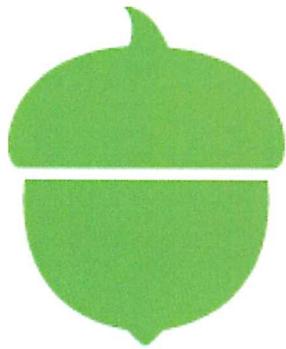
- (a) the financial report of Acorns Grow Australia Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

## BDO East Coast Partnership



Arthur Milner  
Partner

Sydney, 25 October 2016



acorns  
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