

Linear Managed Accounts
ARSN 128 111 857

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2017

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Responsible Entity's Directors' Report

The Directors of Responsible Entity Partners Limited (ACN 119 757 596), the Responsible Entity of Linear Managed Accounts, a managed investment scheme (**the Scheme**), submit their report for the Scheme, the annual financial statements and the auditor's report for the year ended 30 June 2017.

RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Scheme is Level 9, 287 Collins Street, Melbourne VIC 3000. The Directors of the Responsible Entity during the financial year are:

Director	Date Appointed	Date Resigned
Mr Colin Peterson (Chairperson)	18 May 2006	11 October 2016
Mr Ronald Beard	23 October 2013	
Mr Nicholas Brookes	23 October 2013	17 August 2016
Mr Alan Darwin	28 May 2015	17 August 2016
Ms Amanda Noble	21 July 2016	22 December 2016
Ms Fiona McNabb	28 September 2016	
Ms Jillian Riseley	28 September 2016	29 September 2017
Mr Anthony O'Grady	28 September 2016	10 November 2017

The Responsible Entity was acquired by Sargon Capital Pty Limited on 1 July 2016 resulting in a change of name and directors. The Responsible Entity was renamed from Linear Asset Management Ltd to Responsible Entity Partners Limited on 17 August 2016.

On 22 August 2017 the directors of the Responsible Entity approved a board renewal plan to make the following new appointments:

Director	Date Appointed	Date Resigned
Mr Michael Terlet AO (Chairperson)	1 October 2017	
Mr Stephen Miller	1 October 2017	
Ms Susan Zablud	1 October 2017	20 March 2018
Mr Stephen Merlicek	1 October 2017	23 January 2018

Mr Ronald Beard and Ms Fiona McNabb stayed on as Directors.

Mr Andrew Peterson was appointed as Director on 20 March 2018 replacing Ms Susan Zablud.

PRINCIPAL ACTIVITIES

Linear Managed Accounts is a registered managed investment scheme domiciled in Australia, which operates as an investor directed portfolio-like service and invests in a broad range of managed and direct investments.

The Responsible Entity has appointed J.P. Morgan as external custodian to hold all assets of the Scheme and the Responsible Entity ensures the assets are segregated in the books maintained for the Scheme. Under the constitution of the Scheme, each member accepted into the scheme has absolute entitlement and beneficial ownership of the assets and income in their account. The Responsible Entity treats each account as a separate trust it holds for each member and administers each member's account in accordance with the instructions of that member. All fees, costs, expenses and other liabilities are charged directly to investors' accounts and for accounting and tax purposes.

The Scheme did not have any employees during the year.

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There has been no significant change those activities during the year.

REVIEW AND RESULTS OF OPERATION

Due to the nature of the Scheme, whereby Investors have their own specific allocation of investments, the results of each participant are reported individually.

During the period, the Scheme was offered to investors as an investment platform. Investors were able to gain an indirect interest in investments they chose from a selected investment menu, ranging from ASX listed securities to professionally managed model portfolio mandates and managed funds. The services provided to investors included transactional services, administration and reporting on the investments selected by investors in accordance with the governing documents of the Scheme.

DISTRIBUTIONS

No distributions were made from the Scheme during the financial year.

UNITS ON ISSUE

Investors have a beneficial interest in specific Scheme investments and are not issued Scheme units.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Scheme that occurred during the financial year under review.

LIKELY DEVELOPMENTS

The Scheme will continue to be managed in accordance with the offer document of the Scheme and in accordance with the provisions of the Scheme Constitution.

ENVIRONMENTAL REGULATION

The Scheme's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

INTERESTS OF THE RESPONSIBLE ENTITY

Information pertaining to fees paid to Responsible Entity Partners Limited and its associates out of Scheme property and their holdings is contained in Note 6 to the financial statements.

EVENTS SUBSEQUENT TO REPORTING DATE

On 16 November 2017, Managed Accounts successfully completed the acquisition of the Scheme's Promoter, Linear Financial Holdings Pty Ltd. Directors believe that this acquisition will not affect significantly the operations of the Scheme, the results of those operations, or the Scheme in future financial years.

In the interval between the end of the financial year and the date of this report, there has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the Scheme in future financial years.

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS OR AUDITORS

Under the Scheme constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

The Scheme has not indemnified any auditor of the Scheme.

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During the financial year the Responsible Entity paid premiums in respect of its officers for professional indemnity insurance contracts for the year ended 30 June 2017. The Responsible Entity has paid or agreed to pay in respect of the Scheme, premiums in respect of such insurance contracts for the year ended 30 June 2018. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the directors or officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the contracts.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' report for the year ended 30 June 2017.

Signed in accordance with a resolution of the directors of Responsible Entity Partners Limited:

RESPONSIBLE ENTITY PARTNERS LIMITED



Director
24th April 2018



Auditor's Independence Declaration

As lead auditor for the audit of Linear Managed Accounts for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'D. Coogan', with a horizontal line extending to the right.

David Coogan
Partner
PricewaterhouseCoopers

Melbourne
24 April 2018

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Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

	Note	30 June 2017 (\$)	30 June 2016 (\$)
Revenue			
Interest		-	-
Dividends		-	-
Distributions from Managed Funds		-	-
Change in Net Fair Values of Investments		-	-
Unit Trust Income		-	-
Other Income		-	-
Total Revenue		<u>-</u>	<u>-</u>
Expenses			
Responsible Entity Fees		-	-
General Administration Expenses		-	-
Other		-	-
Total Expenses		<u>-</u>	<u>-</u>
Profit from Operating Activities		<u>-</u>	<u>-</u>
Finance Costs			
Distributions to Investors' Accounts		-	-
Total Finance Costs		<u>-</u>	<u>-</u>
Net Profit for The Year		-	-
Other Comprehensive Income		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

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Statement of Financial Position

as at 30 June 2017

	Note	30 June 2017 (\$)	30 June 2016 (\$)
Assets			
Cash and Cash Equivalents		-	-
Trade and Other Receivables		-	-
Financial Assets held at fair value through profit and loss			
Shares in Listed Corporations		-	-
Units in Managed Funds		-	-
Units Trusts		-	-
Total Assets		-	-
Liabilities			
Trade and Other Payables		-	-
Total Liabilities (Excluding Net Assets Attributable to Investors' Accounts)		-	-
Net Assets Attributable to Investors' Accounts - Liability		-	-

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

for the year ended 30 June 2017

	Note	30 June 2017 (\$)	30 June 2016 (\$)
Changes in Expense Reserve	4		
Opening Balance		-	-
Total Comprehensive Income		-	-
Closing Balance		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

for the year ended 30 June 2017

	Note	30 June 2017 (\$)	30 June 2016 (\$)
Cash Flows from Operating Activities			
Proceeds from Sale of Financial Instruments held at fair value through profit or loss		-	-
Purchase of Financial Instruments held at fair value through profit or loss		-	-
Goods and Services Tax Received		-	-
Interest Received		-	-
Dividends Received		-	-
Other Income Received		-	-
Administration Costs		-	-
Responsible Entity/Manager and Trustee Fees Paid		-	-
Other		-	-
Net Cash Provided by / (Used in) Operating Activities		-	-
Cash Flows from Financing Activities			
Investors' Applications		-	-
Investors' Redemptions		-	-
Net Cash Provided by / (Used in) Financing Activities		-	-
Net Increase / (Decrease) in Cash Held		-	-
Cash at Beginning of the Financial Year		-	-
Cash at End of the Financial Year		-	-

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

for the year ended 30 June 2017

1. GENERAL INFORMATION

This financial report covers Linear Managed Accounts ("the Scheme") as an individual entity. The Scheme was constituted on 11 October 2007.

The Responsible Entity of the Scheme is Responsible Entity Partners Limited. The Responsible Entity's registered office is Level 9, 287 Collins Street, Melbourne, VIC 3000.

The financial statements were authorised for issue by the directors 24th April 2018. The directors of the Responsible Entity have the power to amend and reissue the financial report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Linear Managed Accounts (the Scheme) is a registered managed investment scheme under the Corporations Act 2001. The Scheme is a for-profit entity. The financial statements of the Scheme are for the year ended 30 June 2017.

These financial statements were authorised for issue by the Board of Directors of the Responsible Entity on 24th April 2018.

Basis of Preparation

Statement of Compliance

The financial statements are general purpose and have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the Scheme comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated. The financial statements presented reflect zero numbers based on the previous assessment that the economic benefits flowed through to the Custodian rather than the Scheme.

These financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for some financial assets and investors' balances.

The Scheme manages financial assets based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

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In the case of investor accounts, the balances are redeemed on demand at the investor's option. However, investors typically retain the investment for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(a) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed in profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Management of the Scheme's Responsible Entity has determined the investment portfolio, as a whole, satisfies the held for trading financial asset criteria.

Fair values of specific asset classes are measured as follows:

- (a) unit trust and managed fund investments by reference to the unit redemption price at the reporting date;
- (b) shares in listed companies by reference to the relevant market quotations at the reporting date;

ii. Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the scheme has a legal right to offset the amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

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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.

(b) Impairment of Non-Financial Assets

Financial assets are classified at fair value through profit and loss therefore an impairment review is not required.

All other assets that do not meet the criteria to be classified as fair value through profit and loss are reviewed at each reporting date to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

(c) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash and at call deposits with banks, and investment in money market instruments that are readily convertible to cash on hand at the Responsible Entity's option and are subject to insignificant risk of changes in value.

(d) Distributions

No distributions were made from the Scheme during the year. The value of Investor Accounts includes the income received and/or revaluations taken up in profit or loss.

(e) Taxation

Investors are taxed directly on any gains arising upon disposal of investments, as well as interest, distributions, dividends or other income from their investments. Generally, expenses incurred in deriving assessable income (e.g. management fees) are treated as allowable deductions to the investors.

(f) Income and Expenses

Income

Interest is recognised as it accrues considering the interest rates applicable to the financial assets.

Dividends are recognised when the Scheme has established that it has a right to receive a dividend.

Distributions from managed funds are recognised as income at the distribution date.

In some cases, the Scheme may receive dividends or distributions in the form of additional shares or units rather than cash. In such cases the Scheme recognises the income for the amount of cash alternative with the corresponding debit treated as an additional investment.

Expenses

Expenses are brought to account on an accruals basis.

The Responsible Entity is entitled under the Scheme Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursed is defined in the Scheme Constitution. The amount reimbursed is recognised in the Profit or Loss and is calculated in accordance with the Scheme Constitution.

In accordance with the Scheme Constitution and PDS, Responsible Entity Partners Limited (REP) receives a management fee as the Single Responsible Entity.

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As Custodian of the Scheme, J.P. Morgan receives a fee for its services. This fee is paid by the Responsible Entity from its management fee, not directly by the Scheme.

(g) Investors' Accounts

Investors in the Scheme have the right to make a request to redeem funds from their Account. Payment of redemptions may be made in cash or via transfer of investments in-specie and are dependent on the liquidity of investor's specific investments. This right to redeem gives rise to Investors' Accounts being classified as a financial liability.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows included in the Statement of Cash Flows are inclusive of GST. GST cash flow components arising from investing and financing activities which are payable to, or recoverable from, the ATO are classified as cash flows from operating activities.

(i) Trade and Other Payables

Payables includes liabilities and accrued expenses owing by the Scheme which are unpaid as at reporting date.

(j) Trade and Other Receivables

Accounts Receivable includes GST recoverable from the ATO and other sundry amounts owing to the Scheme. Income Receivable includes accrued distribution income and accrued income on interest bearing investments.

(k) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into these financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Scheme.

3. INVESTORS' ACCOUNTS

Capital Risk Management

The Scheme considers its capital to be Investors' Accounts. The Scheme manages its net assets attributable to Investors' Accounts as capital, notwithstanding net assets attributable to Investors' Accounts are classified as a liability.

Applications and redemptions are reviewed relative to the liquidity of the scheme's underlying assets by the Responsible Entity. Under the terms of the Scheme's constitution, the Responsible Entity has the discretion to defer or adjust a redemption if the exercise of such discretion is in the best interests of investors.

All investments in the Scheme are of dollar value (non-unitised), are of the same class, and therefore carry equal rights.

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4. MOVEMENT IN EXPENSE RESERVE

Charges levied against investor accounts are credited to the expense reserve account, which is then utilised to pay Responsible Entity fees and other general administration expenses of the Scheme.

5. CASH FLOW INFORMATION

Non-cash financing and investment activities

As investors are allocated specific Scheme investments and not Scheme units, distributions reinvested are disclosed as amounts only. During the year \$0 (2016: \$0) was reinvested in the Scheme under the distribution investment plan.

6. RELATED PARTY TRANSACTIONS

The Responsible Entity was acquired on 1 July 2016 by RE Holdco Pty Ltd (ABN 50 612 592 471), a fully owned subsidiary of Sargon Capital Pty Limited resulting in a change of name and directors. The Responsible Entity was renamed from Linear Asset Management Ltd to Responsible Entity Partners Limited on 17 August 2016.

Key Management Personnel

- (a) Key management personnel include persons who were directors of the Responsible Entity at any time during the reporting period.

The directors of the Responsible Entity during the financial year are:

Director	Date Appointed	Date Resigned
Mr Colin Peterson (Chairperson)	18 May 2006	11 October 2016
Mr Ronald Beard	23 October 2013	
Mr Nicholas Brookes	23 October 2013	17 August 2016
Mr Alan Darwin	28 May 2015	17 August 2016
Ms Amanda Noble	21 July 2016	22 December 2016
Ms Fiona McNabb	28 September 2016	
Ms Jillian Riseley	28 September 2016	29 September 2017
Mr Anthony O'Grady	28 September 2016	10 November 2017

- (b) No amounts are paid by the Scheme directly to the directors of the Responsible Entity. Fees paid by the Scheme to the Responsible Entity are disclosed at (c) below.

- (c) Key management personnel loan disclosure

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

- (d) Other transactions within the scheme

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity has entered into a material contract with the Scheme, since the end of the previous financial year and there were no material contracts involving director's interests subsisting at year end.

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Related Party Remuneration

(e) Responsible Entity Fees

Fees paid by the Scheme to the Responsible Entity amounted to \$0 (2016: \$0). Responsible Entity fees are calculated monthly in accordance with the Constitution based on the net value of the assets of the Scheme on the last day of each month. In addition, a service fee is paid monthly based on the Contribution charges collected from Investors during the relevant month. The amount charged for the year is recognised in the Profit or Loss.

No fees are paid out of the Scheme. Investors pay all fees and charges directly from their accounts.

Contribution fees are deducted from investors' accounts after each contribution and are held in the scheme until month end when they are then paid directly to Responsible Entity Partners Limited. Contribution fees are included in the monthly RCTI to dealer groups and are paid by Responsible Entity Partners Limited. Under no circumstances are fees paid to Financial Advisers. All fees are paid to the Dealer Group unless other arrangements are agreed to in the Distribution Agreement.

Investors are required to appoint Responsible Entity Partners Limited as their agent to invest and manage their portfolio. Advisor costs and administration fees for managing and servicing the investors' investments are charged based on the daily value of the investors' portfolio and are deducted from the investors' portfolio monthly in arrears. Fees are negotiated with Dealer Groups and Responsible Entity Partners Limited.

Investment fees are charged to each member based on the model portfolio options they have selected. These fees range between 0.275% to 1% of the average aggregated value of the model portfolio are calculated on investors' accounts and deducted monthly in arrears.

Advisor fees are charged at a rate negotiated between investors and their financial advisor and can be up to 1.65% p.a. of member's account balance, calculated daily and deducted monthly in arrears.

All expenses in connection with the preparation of accounting records and the maintenance of the register have been fully borne by the Responsible Entity.

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

Other Related Party Transactions

(f) Related party investments held by the Scheme

The Scheme did not hold an investment in Responsible Entity Partners Limited or its related parties during the year.

(g) Interests held in the Scheme by related parties

Parties related to the scheme (including Responsible Entity Partners Limited), its related parties and other schemes managed by Responsible Entity Partners Limited, hold no investment in the Scheme.

7. DERIVATIVE FINANCIAL INSTRUMENTS

As at the reporting date, the Scheme did not hold any derivative financial Instruments (2016: \$0). Derivatives are not currently offered as part of the Linear Managed Account product offering.

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8. FINANCIAL RISK MANAGEMENT

The Scheme offers investors access to an agency arrangement for management of investments in Australian and International shares, listed property trusts and managed funds held separately from the Scheme. Investments are held by J.P. Morgan as custodian of the Scheme. Investors have beneficial ownership of the investments in their portfolio.

For investors in the Linear Continuously Protected Separately Managed Account swap premiums of 1% are charged by JPMorgan to the member portfolio balances. There is no credit risk to Responsible Entity Partners Limited. JPMorgan collects 50% of the premium and the balance is charged monthly in arrears with all outstanding amounts collected before the proceeds of a member's portfolio is released to the member.

9. AUDITOR REMUNERATION

Auditor remuneration in relation to the Scheme for the year ended 30 June 2017 totalled \$12,500 (2016: \$2,150). All Auditor remuneration in respect to the Scheme is paid by the Responsible Entity.

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 August 2017 the directors of the Responsible Entity approved a board renewal plan to make the following new appointments.

Director	Date Appointed	Date Resigned
Mr Michael Terlet AO (Chairperson)	1 October 2017	
Mr Stephen Miller	1 October 2017	
Ms Susan Zablud	1 October 2017	20 March 2018
Mr Stephen Merlicek	1 October 2017	23 January 2018

They replaced Ms Jillian Riseley and Mr Anthony O'Grady who both resigned as directors in the restructure.

Mr Ronald Beard and Ms Fiona McNabb stayed on as directors.

Mr Andrew Peterson was appointed as Director on 20 March 2018 replacing Ms Susan Zablud.

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the Scheme in future financial years.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2017 or 30 June 2016.

12. SCHEME DETAILS

The registered office and principal place of business of the Responsible Entity, Responsible Entity Partners Limited, and the Scheme is Level 9, 287 Collins Street, Melbourne VIC 3000.

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Responsible Entity's Directors' Declaration

The Directors of Responsible Entity Partners Limited, Responsible Entity of Linear Managed Accounts, declare that:

1. The financial statements and notes, as set out on pages 7 to 16, are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Scheme.
2. These financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.
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.

Signed in accordance with a resolution of the directors of Responsible Entity Partners Limited:

RESPONSIBLE ENTITY PARTNERS LIMITED



Director



Director



Independent auditor's report

To the members of Linear Managed Accounts

Disclaimer of opinion

We were engaged to audit the financial report of Linear Managed Accounts (the Registered Scheme), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration of the directors of Responsible Entity Partners (the Responsible Entity).

We do not express an opinion on the accompanying financial report of the Registered Scheme. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for disclaimer of opinion

The financial statements disclose no assets, liabilities or underlying transactions attributable to the Registered Scheme and its members. The Registered Scheme holds assets on trust for investors, through a custodian appointed by the Responsible Entity. The custodian holds legal title to the scheme assets in an aggregate pool in the name of the Registered Scheme. As a result, in accordance with Australian Accounting Standards, the Registered Scheme should have recognised the assets held on trust and the related liabilities and underlying transactions in its financial statements.

Management did not maintain adequate accounting records to enable the preparation of financial statements in compliance with Australian Accounting Standards and as a result we were unable to obtain sufficient appropriate audit evidence about the assets and liabilities as at 30 June 2017 and the underlying transactions for the year then ended of the Registered Scheme. Consequently, we were unable to determine the adjustment that would be necessary.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity of the Registered Scheme are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity 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 preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

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Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's responsibilities for the audit of the financial report

Our responsibility is to conduct an audit of the Registered Scheme's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers

PricewaterhouseCoopers

David Coogan

David Coogan
Partner

Melbourne
24 April 2018