

Atrium Evolution Series - Diversified Fund

ARSN 151 191 776

**Annual financial statements for the reporting
period ended 30 June 2017**

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These financial statements cover Atrium Evolution Series - Diversified Fund as an individual entity.

The Responsible Entity of Atrium Evolution Series - Diversified Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831).

The Responsible Entity's registered office is Level 18, 123 Pitt Street, Sydney, NSW 2000.

Director's report

The directors of The Trust Company (RE Services) Limited, the Responsible Entity of Atrium Evolution Series - Diversified Fund, present their report together with the financial statements of the Atrium Evolution Series - Diversified Fund ("the Fund") for the reporting period ended 30 June 2017 (the "reporting period").

Responsible Entity

Effective 25 January 2017, the Responsible Entity of Atrium Evolution Series - Diversified Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) ("Perpetual", "TCRE" or the "Responsible Entity"). Prior to this date the Responsible Entity was One Managed Investment Funds Limited (ABN 47 117 400 987) ("OMIFL"). Perpetual's registered office is Angel Place, Level 18, 123 Pitt Street, Sydney NSW 2000.

Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The principal activity of the Fund is to invest funds in accordance with its investment objectives and guidelines as set out in the Fund's product disclosure statement ("PDS") and in accordance with the provisions of the Constitution. There were no significant changes in the principal activities during the period.

The Fund did not have any employees during the reporting period.

Directors

The Directors of The Trust Company (RE Services) Limited, during the whole of the year and until the date of this report (unless otherwise stated) were:

Name	Date of appointment/resignation
Andrew Cannane	
Christopher Green	
Michael Vainauskas	
Glenn Foster	
Rodney Garth Ellwood	(Appointed Alternate Director for Christopher Green and Andrew Cannane on 7 December 2015, Resigned as Alternate Director for Andrew Cannane on 3 April 2017)
Vikki Riggio	(Appointed Alternate Director for Andrew Cannane on 1 November 2016)
Neil Wesley	(Appointed Alternate Director for Glenn Foster on 13 January 2017, Resigned as Alternate Director for Glenn Foster on 14 July 2017)
Andrew McIver	(Appointed Alternate Director for Michael Vainauskas on 13 January 2017)
Gillian Larkins	(Appointed Alternate Director for Glenn Foster on 14 July 2017)

Director's report (continued)

Review and results of operations

There have been no significant changes to the operations of the Fund during the reporting period. The Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	For the reporting period ended	
	30 June	30 June
	2017	2016
	\$'000	\$'000
Profit/(loss) before finance costs attributable to unitholders	19,470	19,819
<i>Distributions - AEF 5 Class</i>		
Distributions paid and payable	2,449	2,991
Distributions (cents per unit - CPU)	2.9445	5.3727
<i>Distributions - AEF 7 Class</i>		
Distributions paid and payable	14,624	17,976
Distributions (cents per unit - CPU)	5.3060	9.0364
<i>Distributions - AEF 9 Class</i>		
Distributions paid and payable	12,244	12,783
Distributions (cents per unit - CPU)	5.9783	8.4536

Indirect Cost Ratio ("ICR")

	2017	2016
	%	%
AEF 5 Class	1.26	1.26
AEF 7 Class	1.26	1.26
AEF 9 Class	1.26	1.26

The ICR calculation includes fees charged to the Fund during the financial year, including those charged by the Responsible Entity directly for management of the assets.

Expenses excluded from the ICR calculation are those that would have ordinarily been incurred by a direct investor in the underlying assets of the Fund, such as brokerage, transaction costs and government taxes.

The average unitholders' funds used to calculate the ICR is the average net assets of the Fund.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review.

Director's report (continued)

Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future reporting periods, or
- (ii) the results of those operations in future reporting periods, or
- (iii) the state of affairs of the Fund in future reporting periods.

Likely developments and expected results of operations

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

Further information on likely developments in the operations of the Fund 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 Fund.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of TCRE and OMIFL or the auditors of the Fund. So long as the officers of TCRE and OMIFL act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the reporting period are disclosed in note 13 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the reporting period.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the reporting period are disclosed in note 13 of the financial statements.

Interests in the Fund

The movements in units on issue in the Fund during the reporting period are disclosed in note 5 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 of the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (formerly Class Order 98/0100 (as amended)) issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that ASIC instrument, unless otherwise indicated.

Director's report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporation Act 2001* is set out on page 6.

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



Director

Sydney
21 September 2017

ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND

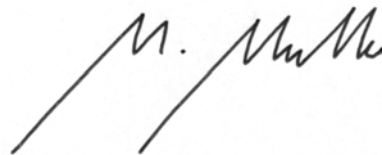
ARSN 151 191 776

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of The Trust Company (RE Services) Limited

As lead auditor for the audit of the financial report of Atrium Evolution Series – Diversified Fund for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



**Sydney, NSW
21 September 2017**

**M D Muller
Partner**

Statement of comprehensive income

	Notes	For the reporting period ended	
		30 June 2017 \$'000	30 June 2016 \$'000
Investment income			
Interest income		11	9
Trust distributions	3	29,656	29,070
Net gains/(losses) on financial instruments held at fair value through profit or loss		<u>(2,583)</u>	<u>(3,899)</u>
Total investment income		<u>27,084</u>	<u>25,180</u>
Expenses			
Management fees		7,602	5,341
Other expenses		<u>12</u>	<u>20</u>
Total expenses		<u>7,614</u>	<u>5,361</u>
Profit/(loss) before finance costs attributable to unitholders		<u>19,470</u>	<u>19,819</u>
Finance costs attributable to unitholders			
Distributions to unitholders	6	29,317	33,750
Increase/(decrease) in net assets attributable to unitholders	5	<u>(9,847)</u>	<u>(13,931)</u>
Profit/(loss) for the reporting period attributable to unitholders		<u>-</u>	<u>-</u>
Other comprehensive income for the reporting period attributable to unitholders		<u>-</u>	<u>-</u>
Total comprehensive income for the reporting period attributable to unitholders		<u>-</u>	<u>-</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at	
	Notes	30 June 2017 \$'000	30 June 2016 \$'000
Assets			
Cash and cash equivalents	7	1,091	604
Receivables		28,332	24,992
Financial assets held at fair value through profit or loss	8	638,729	477,273
Total assets		668,152	502,869
 Liabilities			
Distributions payable		23,181	29,507
Payables	9	5,330	564
Total liabilities (excluding net assets attributable to unitholders)		28,511	30,071
 Net assets attributable to unitholders - liability	 5	 639,641	 472,798

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

Statement of changes in equity

	For the reporting period ended	
	30 June	30 June
	2017	2016
	\$'000	\$'000
Total equity at the beginning of the reporting period	-	-
Profit/(loss) for the reporting period attributable to unitholders	-	-
Other comprehensive income for the reporting period attributable to unitholders	-	-
Total comprehensive income for the reporting period attributable to unitholders	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the reporting period	-	-

In accordance with AASB 132 *Financial Instruments: Presentation*, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the reporting period.

Changes in net assets attributable to unitholders are disclosed in note 5.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	For the reporting period ended	
		30 June 2017 \$'000	30 June 2016 \$'000
<i>Cash flows from operating activities</i>			
Proceeds from sale of financial instruments held at fair value through profit or loss		74,824	60,481
Purchase of financial instruments held at fair value through profit or loss		(236,978)	(181,429)
Trust distributions received		30,964	4,242
Interest received		11	9
Other revenue received		490	349
Management fees paid		(7,959)	(5,540)
Payments of other expenses		(15)	(52)
Net cash inflow/(outflow) from operating activities	14(a)	<u>(138,663)</u>	<u>(121,940)</u>
<i>Cash flows from financing activities</i>			
Proceeds from applications by unitholders		237,368	181,674
Payments for redemptions by unitholders		(67,838)	(29,431)
Distributions paid		(30,380)	(30,296)
Net cash inflow/(outflow) from financing activities		<u>139,150</u>	<u>121,947</u>
Net increase/(decrease) in cash and cash equivalents		487	7
Cash and cash equivalents at the beginning of the reporting period		<u>604</u>	<u>597</u>
Cash and cash equivalents at the end of the reporting period	7,14(b)	<u>1,091</u>	<u>604</u>
Non-cash financing activities	14(c)	<u>5,263</u>	<u>4,649</u>

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

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1 General information

These financial statements include separate financial statements for Atrium Evolution Series - Diversified Fund (the "Fund") as an individual entity. The Fund was constituted on 30 May 2011.

Effective 25 January 2017, the Responsible Entity of Atrium Evolution Series - Diversified Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) ("Perpetual" or the "Responsible Entity"). Prior to this date the Responsible Entity was One Managed Investment Funds Limited (ABN 47 117 400 987) ("OMIFL"). Perpetual's registered office is Angel Place, Level 18, 123 Pitt Street, Sydney NSW 2000.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The financial statements are for the period from 1 July 2016 to 30 June 2017 (the "reporting period").

The financial statements were authorised for issue by the directors on the date the directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Fund is a for-profit entity for the purposes of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented 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 investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of the reporting period cannot be reliably determined.

Compliance with Australian Accounting Standards and International Financial Reporting Standards

The financial statements of the Fund comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

New /Amended standards adopted by the Fund

The Fund applied the following accounting standard amendments which became effective for the first time for the reporting period:

AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* amends to clarify minor points in various accounting standards, including AASB 5, AASB 7, AASB 119 and AASB 134. The adoption of AASB 2015-1 did not have any significant impact on the Fund for the current period.

AASB 2015-2 amends AASB 101 *Presentation of Financial Statements* to clarify that entities should not disclose immaterial information and that the presentation in notes to the financial statements can and should be tailored to provide the report users with the clearest story of an entity's financial performance and financial position. The adoption of AASB 2015-2 did not have any significant impact on the presentation of the Fund's financial statements for the year ended 30 June 2017.

There were no other new or amended standards and interpretations that became effective for the first time for the reporting period that were relevant to the Fund.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

- *Financial assets and liabilities held at fair value through profit or loss*

The Fund's investments are categorised as held at fair value through profit or loss. They comprise:

- *Financial instruments held for trading*

These may include derivative financial instruments including futures, forward contracts, options and interest rate swaps. The Fund does not designate any derivatives as hedges in a hedging relationship.

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

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These may include investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

The information on the fair value basis is provided internally to the Fund's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

- *Loans and receivables/payables*

Loans and receivables/payables are non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. This category includes short-term receivables/payables.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Fund has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the reporting period the asset is derecognised as realised gains or losses on financial instruments.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

- *Financial assets and liabilities held at fair value through profit or loss*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. 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.

- *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current mid-market prices, while financial liabilities are priced at current asking prices.

A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund's financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed derivatives, where applicable.

- *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period.

There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in the statement of comprehensive income to reflect a change in factors, including time, which market participants would consider in setting a price.

The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the most appropriate option valuation model.

Investments in unlisted unit trusts are recorded at the net asset value per unit as reported by the managers of such trusts.

The Fund's financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments ranging from investments in unlisted unit trusts, unlisted equity and/or debt securities to over the counter derivatives, where applicable.

- *Loans and receivables/payables*

Loans and receivables/payables are measured initially at fair value plus transaction costs.

Subsequently, loans are carried at amortised cost using the effective interest method, less impairment losses, if any.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders option and are classified as financial liabilities due to mandatory distributions. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to put the units back to the Fund.

(d) Cash and cash equivalents

For the purpose of presentation in the *statement of cash flows*, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

(e) Investment income

Interest income and interest expenses are recognised in the statement of comprehensive income for all financial instruments on an accruals basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

Trust distributions are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

(f) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(h) Distributions

In accordance with the Fund's Constitution, the Fund distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

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

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

2 Summary of significant accounting policies (continued)

(j) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Fund does not isolate that portion of unrealised gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(k) Receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

(l) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each reporting period are included in payables.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

(m) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue.

(n) Goods and Services Tax ("GST")

Expenses of various services provided to the Fund by third parties such as custodial services and investment management fees etc are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expense or cost item.

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

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

2 Summary of significant accounting policies (continued)

(o) Use of estimates

The Fund does not make estimates and assumptions that affect the reported amounts of assets and liabilities at financial year end.

For the Fund's managed fund investments, quoted redemption prices are readily available and for options and futures quoted market prices are readily available.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accounts receivable, the carrying amounts equate with fair value due to the immediate or short-term nature of these financial instruments.

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not yet been applied in the financial statements. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

(i) AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities. It has now also introduced revised rules for hedge accounting and impairment. The Standard is not applicable until 1 January 2018 but is available for early adoption. The Fund does not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not materially impact the Fund. The Fund does not intend to early adopt AASB 9. The Fund will apply AASB 9 in its financial statements for the reporting period commencing from 1 July 2018.

(ii) AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. Once applied or effective, AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the notion that revenue is recognised when control of a good or service transfers to a customer. This notion of control replaces the existing notion of risks and rewards. The Fund's main source of income includes interest, dividends/distributions and gains on financial instruments held at fair value through profit or loss. All of these are outside the scope of the Revenue standard. Consequently, the Fund does not expect AASB 15 to have a significant impact on the Fund's financial statements. The Fund does not intend to early adopt AASB 15. The Fund will apply AASB 15 in its financial statements for the reporting period commencing from 1 July 2018.

(iii) AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* (effective from 1 January 2017)

AASB 2016-2 amends AASB 107 *Statements of Cash Flows* to require entities to provide disclosure that enable users of financial statements to evaluate cash and non-cash changes in their financing activities. No significant impact is expected upon adoption of the amendments. The Fund does not intend to early adopt AASB 2016-2. The Fund will apply AASB 2016-2 in its financial statements for the reporting period commencing from 1 July 2017.

(iv) AASB 2016-3 *Amendments to Australian Accounting Standards - Clarifications to AASB 15* (effective from 1 January 2018)

AASB 2016-3 amends AASB 15 *Revenue from Contracts with Customers* to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. It also provides further practical expedients on transition to AASB 15. No significant impact is expected upon adoption of the amendments. The Fund does not intend to early adopt AASB 2016-3. The Fund will apply AASB 2016-3 in its financial statements for the reporting period commencing from 1 July 2018.

2 Summary of significant accounting policies (continued)

(q) Rounding of amounts

The Fund is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (formerly Class Order 98/0100 (as amended)), issued by the Australian Securities and Investments Commission ("ASIC"), relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, unless otherwise indicated.

(r) Margin accounts

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

3 Trust distributions

	For the reporting period ended	
	30 June 2017 \$'000	30 June 2016 \$'000
Trust distributions		
Unlisted unit trusts and listed investments	<u>29,656</u>	29,070
	<u>29,656</u>	<u>29,070</u>

4 Auditor's remuneration

No audit fees were incurred by the Fund during the reporting period ended 30 June 2017. The auditor of the Fund is HLB Mann Judd. The audit fees of the Fund were paid by Atrium Investment Management Pty Ltd (the "Investment Manager"). The Responsible Entity has the right to charge audit fees directly to the Fund.

5 Net assets attributable to unitholders

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

	30 June 2017 No.'000	For the reporting period ended		30 June 2016 \$'000
		30 June 2016 No.'000	30 June 2017 \$'000	
Net assets attributable to unitholders				
Opening balance	417,677	287,361	472,798	329,837
Applications	210,415	151,014	240,606	181,674
Redemptions	(60,154)	(24,680)	(69,179)	(29,431)
Units issued upon reinvestment of distributions	4,588	3,982	5,263	4,649
Increase/(decrease) in net assets attributable to unitholders	-	-	(9,847)	(13,931)
Closing balance	<u>572,526</u>	<u>417,677</u>	<u>639,641</u>	<u>472,798</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does extend to a right to the underlying assets of the Fund. There are three separate classes of units in the Fund to 30 June 2017. Each unit within the same class has the same rights as all other units within that class. Except for different management and performance fee rates, the different classes have the same preferences and restrictions.

5 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a financial liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Weekly applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

6 Distributions to unitholders

The distributions were paid/payable as follows:

	For the reporting period ended			
	30 June 2017 \$'000	30 June 2017 CPU	30 June 2016 \$'000	30 June 2016 CPU
Distributions - AEF 5 Class				
Distributions paid (31 December)	842	1.0633	521	1.1313
Distributions payable (30 June)	<u>1,607</u>	<u>1.8812</u>	<u>2,470</u>	<u>4,2414</u>
	<u>2,449</u>		<u>2,991</u>	
Distributions - AEF 7 Class				
Distributions paid (31 December)	2,954	1.1374	2,085	1.2412
Distributions payable (30 June)	<u>11,670</u>	<u>4.1686</u>	<u>15,891</u>	<u>7.7952</u>
	<u>14,624</u>		<u>17,976</u>	
Distributions - AEF 9 Class				
Distributions paid (31 December)	2,340	1.1971	1,637	1.2894
Distributions payable (30 June)	<u>9,904</u>	<u>4.7812</u>	<u>11,146</u>	<u>7.1642</u>
	<u>12,244</u>		<u>12,783</u>	
	<u>29,317</u>		<u>33,750</u>	

7 Cash and cash equivalents

	As at	
	30 June 2017 \$'000	30 June 2016 \$'000
Cash at bank	<u>1,091</u>	<u>604</u>
	<u>1,091</u>	<u>604</u>

8 Financial assets held at fair value through profit or loss

	As at	
	30 June 2017 \$'000	30 June 2016 \$'000
Designated at fair value through profit or loss		
Unlisted unit trusts	<u>638,729</u>	477,273
Total designated at fair value through profit or loss	<u>638,729</u>	477,273
Total financial assets held at fair value through profit or loss	<u>638,729</u>	477,273

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 12.

9 Payables

	As at	
	30 June 2017 \$'000	30 June 2016 \$'000
Management fees	750	564
Unsettled redemptions	1,342	-
Due to brokers - payable for securities	<u>3,238</u>	-
	<u>5,330</u>	564

10 Investments in controlled trusts

Investments in controlled trusts are recorded in the Fund within financial assets held at fair value through profit or loss.

	Fair value		Equity holding **	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 %	30 June 2016 %
Atrium Evolution Series - Diversified Fund				
Atrium Evolution 5 Trust	88,515	61,854	100	100
Atrium Evolution 7 Trust	308,874	231,486	100	100
Atrium Evolution 9 Trust	<u>241,340</u>	<u>183,933</u>	100	100
	<u>638,729</u>	<u>477,273</u>	-	-

** The proportion of ownership interest is equal to the proportion of voting power held.

The principal place of business for each of the above mentioned Trusts was in Australia.

The Fund acquires units in the above entities at their redemption price which reflects the fair value of the underlying investments.

The Fund qualifies for and has applied the investment entity exemption and therefore is no longer required to consolidate its controlled trusts. The Fund accounts for the above investments at fair value through profit or loss and includes them as part of the financial statement caption of 'financial assets held at fair value through profit or loss', with any changes in its fair value are taken to profit or loss and recorded as part of 'net gains/(losses) on financial instruments held at fair value through profit or loss'.

The Fund's exposure to certain risks is a result of financial instruments held by its controlled trusts, hence, the risks associated with both the Fund and the controlled trusts will be reported in the "Derivative financial instruments" and "Financial risk management" notes.

11 Derivative financial instruments

The Fund does not hold any derivative financial instruments directly, but it is exposed to certain risks due to derivatives held by its controlled trusts. 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 variable.

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 a similar response to changes in market factors.

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility
- 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 portfolios.

While the use of derivatives for trading purposes is limited to a maximum of 10% of the net asset value of the controlled trusts, they are not used to gear (leverage) a portfolio directly. However, the underlying funds and managed accounts in which they invest may use derivatives and leverage.

The controlled trusts holds the following derivative instruments:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Forward foreign currency contracts

Forward currency contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

11 Derivative financial instruments (continued)

The controlled trusts' derivative financial instruments at reporting period-end are detailed below:

	Fair Values	
	Assets \$'000	Liabilities \$'000
30 June 2017		
Futures		
Buy	332	-
Sell	94	216
Closing balance	426	216

	Fair Values	
	Assets \$'000	Liabilities \$'000
30 June 2016		
Futures		
Buy	12	-
Sell	745	863
Closing balance	757	863
Forward Foreign Exchange Contracts	489	1,126
Closing balance	489	1,126

12 Financial risk management

(a) Objectives, strategies, policies and processes

The Fund's activities through its controlled trusts may 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 Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by an Investment Manager ("the Investment Manager") under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Fund uses different methods to measure different types of risk to which it and its controlled trusts are exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk.

As part of its risk management strategy, the controlled trusts may use derivatives and other investments, including share price and bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks, and exposures arising from forecast transactions.

12 Financial risk management (continued)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign exchange risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Fund's and controlled trusts' direct investments and not on a look-through basis for investments held in the Fund or controlled trusts.

The sensitivity of the Fund's and controlled trusts' net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's and controlled trusts' investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund and controlled trusts invest. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

At 30 June 2017 and 30 June 2016, the overall market exposures were as follows:

	Fund As at		Controlled trusts As at	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Derivatives assets held for trading	-	-	426	1,246
Derivatives liabilities held for trading	-	-	(216)	(1,989)
Financial assets designated at fair value through profit or loss	<u>638,729</u>	<u>477,273</u>	<u>570,572</u>	<u>368,591</u>
	<u>638,729</u>	<u>477,273</u>	<u>570,782</u>	<u>367,848</u>

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Fund's and controlled trusts' investment portfolio. The Fund's investments are classified on the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Fund's and controlled trusts' overall market positions are monitored on a regular basis by the Fund's Investment Manager. This information and the compliance with the Fund's Product Disclosure Statement are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, compliance committees and ultimately the Board.

12 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

At 30 June 2017, if the equity prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

Fund	As at 30 June 2017		As at 30 June 2016	
	Increased by	Decreased by	Increased by	Decreased by
	5%	5%	10%	10%
	\$'000	\$'000	\$'000	\$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	31,936	(31,936)	47,727	(47,727)

The analysis is performed on the same basis for 2017 and 2016.

(ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund holds no direct assets denominated in currencies other than the Australian dollar, the functional currency, however is exposed to future movements in foreign currency rates due to holdings of the controlled trusts. The controlled trusts are exposed to foreign exchange risk, as the value of the future cash flows of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

As stated in section (a) above, as part of its risk management strategy, the controlled trusts use forward currency contracts to manage exposures resulting from changes in foreign currencies. On this basis, the controlled trusts' overall exposure to foreign exchange risk is considered minimal after taking into account the forward currency contracts.

In accordance with the controlled trusts' policy, the Investment Manager monitors the controlled trusts' currency position on a regular basis. This information and the compliance with the controlled trusts' policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

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

When the Investment Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Fund, the Investment Manager factors that into its portfolio allocation decisions. While the controlled trusts have direct exposure to foreign exchange rate changes on the price of non-Australian dollar-denominated securities, it may also be indirectly affected for example, by the impact of foreign exchange rate changes on the earnings of certain entities in which the controlled trusts invest, even if those entities' securities are denominated in Australian dollars. For that reason, the sensitivity analysis may not necessarily indicate the total effect on the controlled trusts' net assets attributable to unitholders of future movements in foreign exchange rates.

12 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

The table below summarises the controlled trusts' assets and liabilities which are denominated in Australian and non- Australian currencies:

Controlled trusts

30 June 2017	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000	Total A\$'000
Assets						
Cash and cash equivalents	70,385	1,131	(81)	(21)	-	71,414
Receivables	21,394	-	-	-	-	21,394
Financial assets held at fair value through profit or loss						
Held for trading						
Futures	-	354	72	-	-	426
Designated at fair value through profit or loss						
Listed equities	16,714	-	-	-	-	16,714
Unlisted equities	17,565	-	-	-	-	17,565
Unlisted managed investment schemes	466,840	65,863	-	-	-	532,703
Floating rate notes	3,590	-	-	-	-	3,590
Total assets	596,488	67,348	(9)	(21)	-	663,806
Liabilities						
Distributions payable	23,519	-	-	-	-	23,519
Payables	1,342	-	-	-	-	1,342
Financial liabilities held at fair value through profit or loss						
Held for trading						
Futures	24	189	-	3	-	216
Total liabilities (excluding net assets attributable to unitholders)	24,885	189	-	3	-	25,077
Net assets attributable to unitholders	571,603	67,159	(9)	(24)	-	638,729

12 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

Controlled trusts

30 June 2016	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000	Total A\$'000
Assets						
Cash and cash equivalents	118,666	548	-	-	-	119,214
Receivables	15,039	-	-	-	-	15,039
Financial assets held at fair value through profit or loss						
Held for trading						
Futures	-	757	-	-	-	757
Forward foreign exchange contracts	-	489	-	-	-	489
Designated at fair value through profit or loss						
Unlisted unit trusts	315,989	47,921	-	-	-	363,910
Unlisted equities	4,681	-	-	-	-	4,681
Total assets	<u>454,375</u>	<u>49,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,090</u>
Liabilities						
Distributions payable	24,828	-	-	-	-	24,828
Financial liabilities held at fair value through profit or loss						
Held for trading						
Futures	293	570	-	-	-	863
Forward foreign exchange contracts	-	1,126	-	-	-	1,126
Total liabilities (excluding net assets attributable to unitholders)	<u>25,121</u>	<u>1,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,817</u>
Net assets attributable to unitholders	<u>429,254</u>	<u>48,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,273</u>

12 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

At 30 June 2017, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the controlled trusts are exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

	AUD Weakened		AUD Strengthened	
	Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Controlled trusts				
10% AUD to foreign currency (2016:10%)	7,458	5,282	(6,102)	(4,365)

The possible impact against other currencies is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for 2017 and 2016.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's and controlled trusts' interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund and controlled trusts have established limits on investments in interest-bearing assets, which are monitored on a daily basis. The controlled trusts may use derivatives to hedge against unexpected increases in interest rates and/or multiple rollover dates for debt instruments to manage repricing risk. The interest rate risk is measured using sensitivity analysis.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's and controlled trusts' overall interest sensitivity on a regular basis. This information and the compliance with the Fund's policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

The Fund and controlled trusts have direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain entities in which the controlled trusts invest and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Fund's and controlled trusts' net assets attributable to unitholders of future movements in interest rates.

12 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises the Fund's and controlled trusts' exposure to interest rate risks. It includes the assets and liabilities at fair values, categorised by the maturity dates:

Fund	Fixed interest rate					Non-inter est bearing	Total
	Floating interest rate	3 months or less	3 to 12 months	1 to 5 years	Over 5 years		
30 June 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	1,091	-	-	-	-	-	1,091
Receivables	-	-	-	-	-	28,332	28,332
Financial assets held at fair value through profit or loss							
Designated as at fair value through profit and loss							
Unlisted unit trusts	-	-	-	-	-	638,729	638,729
Total assets	1,091	-	-	-	-	667,061	668,152
Liabilities							
Distributions payable	-	-	-	-	-	23,181	23,181
Payables	-	-	-	-	-	5,330	5,330
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	28,511	28,511
Net assets attributable to unitholders	1,091	-	-	-	-	638,550	639,641

12 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

Fund	Fixed interest rate						Total \$'000
	Floating interest rate \$'000	3 months or less \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-intere st bearing \$'000	
30 June 2016							
Assets							
Cash and cash equivalents	604	-	-	-	-	-	604
Receivables	-	-	-	-	-	24,992	24,992
Financial assets held at fair value through profit or loss							
Designated as at fair value through profit and loss							
Unlisted unit trusts	-	-	-	-	-	477,273	477,273
Total assets	604	-	-	-	-	502,265	502,869
Liabilities							
Distributions payable	-	-	-	-	-	29,507	29,507
Payables	-	-	-	-	-	564	564
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	30,071	30,071
Net assets attributable to unitholders	604	-	-	-	-	472,194	472,798

12 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

Controlled trusts

30 June 2017	Fixed interest rate					Non-inter est bearing \$'000	Total \$'000
	Floating interest rate \$'000	3 months or less \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Assets							
Cash and cash equivalents	68,876	2,538	-	-	-	-	71,414
Receivables	-	-	-	-	-	21,394	21,394
Financial assets held at fair value through profit or loss							
Held for Trading							
Futures	-	-	-	-	-	426	426
Designated as at fair value through profit and loss							
Listed equities	-	-	-	-	-	16,714	16,714
Unlisted unit trusts	-	-	-	-	-	532,703	532,703
Unlisted equities	-	-	-	-	-	17,565	17,565
Floating rate notes	3,590	-	-	-	-	-	3,590
Total assets	72,466	2,538	-	-	-	588,802	663,806
Liabilities							
Distributions payable	-	-	-	-	-	23,519	23,519
Payables	-	-	-	-	-	1,342	1,342
Financial liabilities held at fair value through profit or loss							
Held for Trading							
Futures	-	-	-	-	-	216	216
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	25,077	25,077
Net assets attributable to unitholders	72,466	2,538	-	-	-	563,725	638,729

12 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

Controlled trusts

30 June 2016	Floating interest rate \$'000	3 months or less \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-intere st bearing \$'000	Total \$'000
Assets							
Cash and cash equivalents	113,252	5,962	-	-	-	-	119,214
Receivables	-	-	-	-	-	15,039	15,039
Financial assets held at fair value through profit or loss							
Held for Trading							
Futures	-	-	-	-	-	757	757
Forward Foreign Exchange Contracts	-	-	-	-	-	489	489
Designated as at fair value through profit and loss							
Unlisted unit trusts	-	-	-	-	-	363,910	363,910
Unlisted equities	-	-	-	-	-	4,681	4,681
Total assets	113,252	5,962	-	-	-	384,876	504,090
Liabilities							
Distributions payable	-	-	-	-	-	24,828	24,828
Financial liabilities held at fair value through profit or loss							
Held for Trading							
Futures	-	-	-	-	-	863	863
Forward Foreign Exchange Contracts	-	-	-	-	-	1,126	1,126
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	26,817	26,817
Net assets attributable to unitholders	113,252	5,962	-	-	-	358,059	477,273

12 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

At 30 June 2017, should interest rates have (decreased)/increased by the basis points indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

Fund	As at 30 June 2017		As at 30 June 2016	
	Increased by 25bps \$'000	Decreased by 25bps \$'000	Increased by 100bps \$'000	Decreased by 100bps \$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	<u>3</u>	<u>(3)</u>	<u>6</u>	<u>(6)</u>

Controlled trusts	As at 30 June 2017		As at 30 June 2016	
	Increased by 25bps \$'000	Decreased by 25bps \$'000	Increased by 100bps \$'000	Decreased by 100bps \$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	<u>172</u>	<u>(172)</u>	<u>1,133</u>	<u>(1,133)</u>

These changes are calculated on an undiscounted basis.

(c) Credit risk

Credit risk is primarily arises from deposits held with banks and other financial institutions and from trading derivative products. None of these assets are impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of exposures by rating is set out in the table below:

Fund	AA- \$'000	A \$'000	Total \$'000
At 30 June 2017			
Australian cash deposits	<u>1,091</u>	<u>-</u>	<u>1,091</u>
Total	<u>1,091</u>	<u>-</u>	<u>1,091</u>
At 30 June 2016			
Australian cash deposits	<u>604</u>	<u>-</u>	<u>604</u>
Total	<u>604</u>	<u>-</u>	<u>604</u>

12 Financial risk management (continued)

Controlled trusts	AA- \$'000	A \$'000	Total \$'000
At 30 June 2017			
Australian cash deposits	<u>68,876</u>	<u>2,538</u>	<u>71,414</u>
Total	<u>68,876</u>	<u>2,538</u>	<u>71,414</u>
Controlled trusts	AA- \$'000	A \$'000	Total \$'000
At 30 June 2016			
Australian cash deposits	<u>113,252</u>	<u>5,962</u>	<u>119,214</u>
Total	<u>113,252</u>	<u>5,962</u>	<u>119,214</u>

(d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by the Investment Manager to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Concentrations of risk are managed by industry sector for equity instruments and by counterparty for debt instruments and selected derivatives.

There were no significant concentrations of risk to any particular industry at 30 June 2017 and 30 June 2016.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund and controlled trusts may be exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. It therefore primarily holds investments that are traded in active markets and can be readily disposed of.

Investments may include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Fund or controlled trusts may invest in investments in unlisted unit trusts that expose the Fund to the risk that the Fund or Investment Manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Fund or controlled trusts.

The Fund's policy is to hold a significant proportion of its investments in liquid assets.

Under the terms of its constitution, the Fund has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Units are redeemed on demand at the unitholders option. However, the Board of Directors does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's and controlled trusts' liquidity position on a regular basis. This information and the compliance with the Fund's policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

12 Financial risk management (continued)

(e) Liquidity risk (continued)

The table below analyses the Fund's and controlled trusts' non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Fund	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
At 30 June 2017				
Distribution payable	23,181	-	-	-
Payables	5,330	-	-	-
Net assets attributable to unitholders	639,641	-	-	-
Total financial liabilities	668,152	-	-	-

Fund	Less than 1 month \$	1-3 months \$	3-12 months \$	More than 12 months \$
At 30 June 2016				
Distribution payable	29,507	-	-	-
Payables	564	-	-	-
Net assets attributable to unitholders	472,798	-	-	-
Total financial liabilities	502,869	-	-	-

Controlled trusts	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
At 30 June 2017				
Distribution payable	23,519	-	-	-
Payables	1,342	-	-	-
Net assets attributable to unitholders	638,729	-	-	-
Total financial liabilities	663,590	-	-	-

Controlled trusts	Less than 1 month \$	1-3 months \$	3-12 months \$	More than 12 months \$
At 30 June 2016				
Distribution payable	24,828	-	-	-
Payables	-	-	-	-
Net assets attributable to unitholders	477,273	-	-	-
Total financial liabilities	502,101	-	-	-

12 Financial risk management (continued)

(e) Liquidity risk (continued)

The table below analyses the controlled trusts' derivative financial instruments into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

Controlled trusts	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
At 30 June 2017				
Futures				
- (Outflows)	-	(216)	-	-
- Inflows	-	426	-	-
Total financial liabilities	-	210	-	-

Controlled trusts	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
At 30 June 2016				
Futures				
- (Outflows)	-	(863)	-	-
- Inflows	-	757	-	-
Forward foreign exchange contracts				
- (Outflows)	(1,126)	-	-	-
- Inflows	-	489	-	-
Total financial liabilities	(1,126)	383	-	-

As disclosed above, the Fund manages its liquidity risk and that of the controlled trusts by investing predominantly in liquid assets that it expects to be able to liquidate within 7 days or less. Liquid assets include cash and cash equivalents. As at 30 June 2017, these assets amounted to \$72,505,059 (2016:\$119,817,074).

(f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Fund's financial assets and financial liabilities at the end of the reporting period approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund's accounting policy on fair value measurement is set out in note 2(b). The methods and assumptions used in the determination of the fair value of each class of financial instruments are also set out in note 2(b).

Note 2(o) outlines further the nature of management's judgments, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

12 Financial risk management (continued)

(g) Fair value hierarchy

The Fund is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Fund's and controlled trusts' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

Fund

At 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
Unlisted unit trusts	-	<u>638,729</u>	-	<u>638,729</u>
Total	<u>-</u>	<u>638,729</u>	<u>-</u>	<u>638,729</u>

Fund

At 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
Unlisted unit trusts	-	<u>477,273</u>	-	<u>477,273</u>
Total	<u>-</u>	<u>477,273</u>	<u>-</u>	<u>477,273</u>

12 Financial risk management (continued)

(g) Fair value hierarchy (continued)

Controlled trusts

At 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Futures	426	-	-	426
Total	426	-	-	426

Financial assets designated at fair value through profit or loss at inception:

Listed equities	16,714	-	-	16,714
Unlisted unit trusts	-	532,703	-	532,703
Unlisted equities	-	17,565	-	17,565
Floating rate notes	-	3,590	-	3,590
	<u>16,714</u>	<u>553,858</u>	<u>-</u>	<u>570,572</u>
Total	17,140	553,858	-	570,998

Financial liabilities

Financial liabilities held for trading:

Futures	216	-	-	216
Total	216	-	-	216

Controlled trusts

At 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Futures	757	-	-	757
Forward Foreign Exchange Contracts	-	489	-	489
Financial assets designated at fair value through profit or loss at inception:				
Unlisted equities	-	363,910	-	363,910
Unlisted unit trusts	-	4,681	-	4,681
Total	<u>757</u>	<u>369,080</u>	<u>-</u>	<u>369,837</u>
Financial liabilities				
Held for trading:				
Futures	863	-	-	863
Forward Foreign Exchange Contracts	-	1,126	-	1,126
Total	<u>863</u>	<u>1,126</u>	<u>-</u>	<u>1,989</u>

12 Financial risk management (continued)

(g) Fair value hierarchy (continued)

The pricing for the majority of the Fund's and controlled trusts' investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, e.g. recognised stock exchanges, and therefore classified within level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments may include investment-grade corporate bonds and over-the-counter derivatives.

Level 2 investments could include those that are not traded in active markets and/or are subject to transfer restrictions (e.g. redemption restrictions). Valuations for these investments may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Typically, prices of units in unlisted managed investment trusts that are either published on the investment manager's website and/or circulated among market participants as executable quotes are categorised as level 2.

13 Related party transactions

Controlled trusts

Interests in controlled trusts are set out in note 10.

Responsible Entity

The Responsible Entity of Atrium Evolution Series - Diversified Fund is TCRE.

Key management personnel

(a) Directors/Company secretaries

Key management personnel includes persons who were directors and company secretaries of TCRE during the reporting period.

(b) Other key management personnel

Alexander Hone is a director of the Investment Manager and is considered a key management personnel in light of authorities given under the investment management agreements entered into with the Responsible Entity.

Key management personnel unitholdings

As at 30 June 2017 no key management personnel held units in the Fund (2016: Nil).

Key management personnel compensation

Key management personnel are not paid by the Fund. Payments made from the Fund to TCRE do not include any amounts directly attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Fund 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 period.

Other transactions within the Fund

From time to time directors of the Responsible Entity or other related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors.

13 Related party transactions (continued)

Responsible entity's/manager's fees and other transactions

Under the terms of the Fund's Constitution and the PDS for the Fund, investment management fees are payable monthly of 1.25% per annum (excluding GST) in total of the aggregate portfolio value of the Fund. The Responsible Entity is paid fees by the Investment Manager.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the periods and amounts payable at period end between the Fund and the Responsible Entity were as follows:

	30 June 2017 \$'000	30 June 2016 \$'000
Management fees for the reporting period	7,602	5,341
Aggregate amounts payable at the end of the reporting period	750	561

Other fees paid to related parties

The Responsible Entity has appointed third party service providers to the Fund, some of whom are related parties of the Responsible Entity. The following entity, which is a related party of OMIFL, the previous Responsible Entity, has provided services to the Fund during the financial year ended 30 June 2017:

- ◆ Unity Tax Services Pty Limited (ACN 147 393 557) - taxation services

The above entity has not received any remuneration directly from the Fund in relation to these services and was remunerated out of the Management Fee

Related party unitholdings

Parties related to the Fund (including TCRE, its related parties and other schemes managed by TCRE), hold no units in the Fund at the end of the reporting period.

Investments

The Fund did not hold any investments in TCRE or its related parties during the reporting period.

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

	For the reporting period ended	
	30 June	30 June
	2017	2016
	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the reporting period attributable to unitholders	-	-
Increase/(decrease) in net assets attributable to unitholders	(9,847)	(13,931)
Proceeds from sale of financial instruments held at fair value through profit or loss	74,824	60,481
Purchase of financial instruments held at fair value through profit or loss	(236,978)	(181,429)
Distribution to unitholders	29,317	33,750
Net gains/(losses) on financial instruments held at fair value through profit or loss	2,583	3,899
Net change in receivables and other assets	1,250	3,210
Net change in payables and other liabilities	188	151
Reinvested income	-	(28,071)
Net cash inflow/(outflow) from operating activities	(138,663)	(121,940)
(b) Components of cash and cash equivalents		
Cash as at the end of the reporting period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	<u>1,091</u>	<u>604</u>
	1,091	604
(c) Non-cash financing activities		
During the reporting period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan		
	<u>5,263</u>	<u>4,649</u>
	5,263	4,649

15 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2017 or on the results and cash flows of the Fund for the reporting period ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2017 and 30 June 2016.

Director's declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 40 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2017 and of its performance, as represented by the results of its operations and cash flows, for the reporting period ended on that date.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Director

Sydney

21 September 2017

ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND

ARSN 151 191 776

INDEPENDENT AUDITOR'S REPORT

To unit holders of Atrium Evolution Series - Diversified Fund:

Opinion

We have audited the financial report of Atrium Evolution Series - Diversified Fund ("the Fund") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors of the Responsible Entity's declaration for, Atrium Evolution Series - Diversified Fund. .

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's directors' report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND

ARSN 151 191 776

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity of the Fund 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 preparing the financial report, the directors are responsible for assessing the ability of the Fund 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 either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 and 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND

ARSN 151 191 776

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

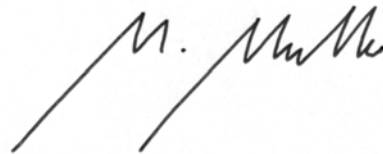
We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Responsible Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
21 September 2017**

A handwritten signature in black ink that reads 'M. Muller'.

**M D Muller
Partner**