

SPDR Fixed Income ETFs Annual Report

For the Year Ended 30 June 2023

SPDR[®] S&P[®] / ASX Australian Government Bond Fund

ARSN: 159 002 801

SPDR[®] S&P[®] / ASX Australian Bond Fund

ARSN: 159 002 623

Issued by State Street Global Advisors, Australia Services Limited (AFSL Number 274900, ABN 16 108 671 441) ("SSGA, ASL"). Registered office: Level 14, 420 George Street, Sydney, NSW 2000, Australia · Telephone: 612 9240-7600 · Web: www.ssga.com/au.

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SPDR Fixed Income ETFs

Annual report

For the year ended 30 June 2023

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These financial statements cover SPDR S&P/ASX Australian Government Bond Fund and SPDR S&P/ASX Australian Bond Fund as individual entities.

The Responsible Entity of the Funds is State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441) (AFSL 274900). The Responsible Entity's registered office is:

State Street Global Advisors, Australia Services Limited
Level 14, 420 George Street
Sydney NSW 2000.

Directors' report

The directors of State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441), the Responsible Entity of SPDR S&P/ASX Australian Government Bond Fund and SPDR S&P/ASX Australian Bond Fund (the "Funds"), present their report together with the financial statements of the Funds for the year ended 30 June 2023.

Principal activities

SPDR S&P/ASX Australian Government Bond Fund invested in a diversified portfolio of bonds issued by the Australian government and by the governments of Australian States and Territories and by semi government entities in accordance with the provisions of the Fund's Constitution.

SPDR S&P/ASX Australian Bond Fund invested in a diversified portfolio of Australian fixed rate bonds in accordance with the provisions of the Fund's Constitution.

The Funds did not have any employees during the year.

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

Directors

The following persons held office as directors of State Street Global Advisors, Australia Services Limited during the year or since the end of the year and up to the date of this report:

Matthew George
Jonathan Mark Shead
Kathleen Gallagher
Peter Hocking

Review and results of operations

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

SPDR S&P/ASX Australian Government Bond Fund generally invests in the securities that are constituents of the S&P/ASX Government Bond Index and aims to achieve investment returns (before fees and other costs), that closely correspond to the performance of the Index.

SPDR S&P/ASX Australian Bond Fund generally invests in the securities that are constituents of the S&P/ASX Australian Fixed Interest Index and aims to achieve investment returns (before fees and other costs), that closely correspond to the performance of the Index.

Results

The performance of the Funds, as represented by the results of their operations, was as follows:

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$)	<u>66,331</u>	<u>(3,948,490)</u>	<u>358,560</u>	<u>(5,557,439)</u>
Distributions to unitholders (\$)	<u>367,708</u>	<u>341,617</u>	<u>203,885</u>	<u>395,687</u>
Distributions (cents per unit - CPU)	<u>29.06</u>	<u>30.21</u>	<u>12.54</u>	<u>23.38</u>

Directors' report (continued)

Review and results of operations (continued)

The tables below demonstrate the performance of the Funds as represented by their total returns. Total returns reflect combined capital growth and distribution performance assuming all distributions are reinvested; and are shown net of fees. The total returns are shown for the past five years to 30 June 2023:

	2023 %	2022 %	2021 %	2020 %	2019 %
SPDR S&P/ASX Australian Government Bond Fund					
Total return	<u>0.56</u>	<u>(12.61)</u>	<u>(1.70)</u>	<u>4.33</u>	<u>10.50</u>
Benchmark: S&P/ASX Government Bond Index	<u>0.76</u>	<u>(12.37)</u>	<u>(1.46)</u>	<u>4.56</u>	<u>10.74</u>
SPDR S&P/ASX Australian Bond Fund					
Total return	<u>0.97</u>	<u>(12.01)</u>	<u>(1.25)</u>	<u>4.20</u>	<u>10.00</u>
Benchmark: S&P/ASX Australian Fixed Interest Index	<u>1.18</u>	<u>(11.77)</u>	<u>(0.94)</u>	<u>4.46</u>	<u>10.18</u>

The movement in the assets and liabilities in the Statements of financial position corresponds with the units issued and redeemed during the year as reflected in note 7 and the performance of the Funds during the year.

Consistent with our statements in the governing documents of the Funds, past performance is not a reliable indicator of future performance.

Unit redemption prices

Unit redemption prices (quoted ex-distribution) are shown as follows:

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
SPDR S&P/ASX Australian Government Bond Fund					
At 30 June	23.38	23.53	27.25	28.46	27.81
SPDR S&P/ASX Australian Bond Fund					
At 30 June	23.98	23.88	27.38	28.31	27.63

Significant changes in the state of affairs

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

Directors' report (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

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

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

The Funds' investment objectives and strategies remain unchanged which are to track the performance of their underlying indexes. Accordingly the future returns of the Funds are dependent on the performance of their underlying indexes.

Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of State Street Global Advisors, Australia Services Limited or the auditor of the Funds. So long as the officers of State Street Global Advisors, Australia Services Limited act in accordance with the Funds' Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

Indemnity of auditor

The auditor of the Funds is in no way indemnified out of the assets of the Funds.

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

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in note 14 to the financial statements.

No fees were paid out of Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 14 to the financial statements.

Interests in the Funds

The movements in units on issue in the Funds during the year are disclosed in note 7 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the Statements of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest dollar

The Funds are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

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

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



Jonathan Shead
Director

Sydney
24 August 2023



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working world

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Auditor's Independence Declaration to the Directors of State Street Global Advisors, Australia Services Limited as Responsible Entity of

- ▶ SPDR S&P/ASX Australian Government Bond Fund
- ▶ SPDR S&P/ASX Australian Bond Fund

referred to collectively as SPDR Fixed Income ETFs.

As lead auditor for the audit of the financial report of SPDR Fixed Income ETFs for the year ended 30 June 2023, I declare 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;
- b) no contraventions of any applicable code of professional conduct in relation to the audit; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva
Partner
24 August 2023

Statements of comprehensive income

	Notes	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
		Year ended		Year ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$	\$	\$	\$
Investment income					
Interest income from financial assets at amortised cost		2,237	-	3,193	-
Interest income from financial assets at fair value through profit or loss		810,544	741,190	1,122,315	1,172,762
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(682,008)	(4,626,679)	(673,059)	(6,634,216)
Other operating income/(loss)		1,632	2,736	1,151	9,246
Total net investment income/(loss)		132,405	(3,882,753)	453,600	(5,452,208)
Expenses					
Responsible Entity's fees	14	3,088	3,034	4,078	4,566
Investment Manager's fees	14	61,910	60,836	89,595	100,314
Transaction costs		1,076	1,867	1,367	351
Total operating expenses		66,074	65,737	95,040	105,231
Operating profit/(loss) for the year		66,331	(3,948,490)	358,560	(5,557,439)
Finance costs attributable to unitholders					
Distributions to unitholders	8	(367,708)	(341,617)	(203,885)	(395,687)
(Increase)/decrease in net assets attributable to unitholders	7	301,377	4,290,107	(154,675)	5,953,126
Profit/(loss) for the year		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	-	-

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

Statements of financial position

	Notes	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
		As at		As at	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	9	172,642	68,965	136,142	74,155
Due from brokers - receivable for securities sold		525,340	53,708	510,214	-
Receivables	12	179,816	163,590	229,998	246,439
Financial assets at fair value through profit or loss	6	<u>31,176,981</u>	<u>28,302,105</u>	<u>37,100,383</u>	<u>38,560,759</u>
Total assets		<u>32,054,779</u>	<u>28,588,368</u>	<u>37,976,737</u>	<u>38,881,353</u>
Liabilities					
Due to brokers - payable for securities purchased		546,474	-	581,689	-
Payables	13	18,130	16,618	33,532	33,553
Distributions payable	8	<u>122,359</u>	<u>73,121</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>686,963</u>	<u>89,739</u>	<u>615,221</u>	<u>33,553</u>
Net assets attributable to unitholders - liability	7	<u>31,367,816</u>	<u>28,498,629</u>	<u>37,361,516</u>	<u>38,847,800</u>

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

Statements of changes in equity

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Total equity at the beginning of the financial year	-	-	-	-
Profit/(loss) for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the financial year	-	-	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the beginning or end of the year.

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

Statements of cash flows

	Notes	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
		Year ended		Year ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$	\$	\$	\$
Cash flows from operating activities					
Proceeds from sale of financial instruments at fair value through profit or loss		2,286,880	4,720,033	5,854,634	11,027,008
Purchase of financial instruments at fair value through profit or loss		(5,799,305)	(10,307,286)	(5,002,636)	(11,964,709)
Interest received		826,938	777,077	1,148,743	1,209,009
Other income/(expenses) received/(paid)		1,632	2,736	1,151	9,246
Responsible Entity's fees paid		(3,036)	(3,014)	(4,083)	(4,679)
Investment Manager's fees paid		(60,872)	(60,421)	(89,707)	(102,797)
Payment of other operating expenses		(654)	(2,557)	(1,271)	(3,150)
Net cash inflow/(outflow) from operating activities	10(a)	<u>(2,748,417)</u>	<u>(4,873,432)</u>	<u>1,906,831</u>	<u>169,928</u>
Cash flows from financing activities					
Proceeds from applications by unitholders		3,150,561	5,243,640	731,086	5,397,300
Payments for redemptions by unitholders		-	-	(2,395,290)	(5,134,630)
Distributions paid		(298,467)	(393,087)	(180,640)	(538,797)
Net cash inflow/(outflow) from financing activities		<u>2,852,094</u>	<u>4,850,553</u>	<u>(1,844,844)</u>	<u>(276,127)</u>
Net increase/(decrease) in cash and cash equivalents		<u>103,677</u>	<u>(22,879)</u>	<u>61,987</u>	<u>(106,199)</u>
Cash and cash equivalents at the beginning of the year		<u>68,965</u>	<u>91,844</u>	<u>74,155</u>	<u>180,354</u>
Cash and cash equivalents at the end of the year	9	<u>172,642</u>	<u>68,965</u>	<u>136,142</u>	<u>74,155</u>
Non-cash financing activities	10(b)				

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

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1 General information

These financial statements cover SPDR S&P/ASX Australian Government Bond Fund and SPDR S&P/ASX Australian Bond Fund (the "Funds") as individual entities.

The Funds were constituted on 14 June 2012 and will terminate on 25 July 2092 unless terminated earlier in accordance with the provisions of the Funds' Constitutions.

The Responsible Entity of the Funds is State Street Global Advisors, Australia Services Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 14, 420 George Street, Sydney NSW 2000. The financial statements are presented in Australian currency.

SPDR S&P/ASX Australian Government Bond Fund invested in a diversified portfolio of bonds issued by the Australian government and by the governments of Australian States and Territories and by semi government entities in accordance with the provisions of the Fund's Constitution.

SPDR S&P/ASX Australian Bond Fund invested in a diversified portfolio of Australian fixed rate bonds in accordance with the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on 24 August 2023. 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 years 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 and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Funds are for-profit funds for the purpose 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 Statements of financial position are 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 expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Funds invest in financial assets at fair value through profit or loss 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.

In the case of net assets attributable to unitholders, the units are redeemable by unitholders that are Qualifying Australian Residents (as defined in the Product Disclosure Statement ("PDS")), and use a stock broker acting as principal, on demand at the unitholder's option. Other unitholders can sell on the Australian Securities Exchange. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards

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

(ii) New and amended standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the Funds.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) *New standards, amendments and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the future financial statements of the Funds.

(b) Financial assets and liabilities at fair value through profit or loss

(i) *Classification*

Assets

The Funds classify their investments based on their business models for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolios of financial assets are managed and their performance are evaluated on a fair value basis in accordance with the Funds' documented investment strategies. The Funds use fair value information to assess performance of the portfolios and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Funds' policies are for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business models' objective. Consequently, the debt securities are measured at fair value through profit or loss.

Liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) *Recognition/derecognition*

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Funds have transferred substantially all of the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Funds measure financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statements of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statements of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair values of financial instruments are determined please see note 4 to the financial statements.

2 Summary of significant accounting policies (continued)

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of financial position when there is 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.

(d) Net assets attributable to unitholders

Units are redeemable and are classified as financial liabilities due to mandatory distributions. The units can be put back to the Funds at any time by unitholders that are Qualifying Australian Residents (as defined in the PDS) and use a Stockbroker acting as principal.

(e) Cash and cash equivalents

For the purpose of presentation in the Statements 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 are classified as liabilities in the Statements of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Funds' main income generating activities.

(f) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

(g) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(h) Expenses

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

(i) Income tax

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

Financial instruments 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 Funds are not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

2 Summary of significant accounting policies (continued)

(j) Distributions

In accordance with the Funds' Constitutions, the Funds distribute income and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are payable in accordance with the Constitutions and recognised in the Statements of comprehensive income as finance costs attributable to unitholders.

(k) 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 Statements of comprehensive income as finance costs attributable to unitholders.

(l) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities at fair value are reported in the Statements of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(m) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(n) Receivables

Receivables may include amounts for dividends, trust distributions and interest. 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. Amounts are generally received within 30 days of being recorded as receivables.

2 Summary of significant accounting policies (continued)

(n) Receivables (continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(o) Applications receivable

Applications receivable at reporting date are recognised at fair value and subsequently measured at amortised cost. Amounts are generally received within 2 days of being recorded as receivables. If there is a failure by brokers to deliver application money within the settlement period, the Funds are indemnified against losses via acknowledgements contained in application forms, in addition to provisions of the Funds' Constitutions.

(p) Payables

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

(q) Applications and redemptions

Application amounts can be paid by cash or in the form of a parcel of prescribed securities transferred to the Responsible Entity's custodian. The parcel of securities related to in-specie applications generally reflect the characteristics of the Funds' underlying indexes. Investors may purchase units by trading on the Australian Securities Exchange ("ASX").

Unitholders can only redeem units if they are a "Qualifying Australian Resident" as defined in the PDS and use a stockbroker acting as principal. Investors may sell units by trading on the ASX.

Unit prices are determined by reference to the net assets of the Funds divided by the number of units on issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market.

(r) Transaction Fee

Under the Funds' Constitutions, a transaction fee is charged in connection with applications and redemptions. Transaction fees are recognised upon application and redemption date in the Statements of comprehensive income as other operating income.

(s) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as Custodial and Administration services, Responsible Entity services and Investment Management services have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits ("RITC"). Hence Responsible Entity fees, Investment Management

2 Summary of significant accounting policies (continued)

(s) Goods and Services Tax (GST) (continued)

fees and other expenses have been recognised in the Statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (“ATO”). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statements of financial position. Cash flows relating to GST are included in the Statements of cash flow on a gross basis.

(t) Use of estimates

The Funds may make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds’ financial instruments, quoted market prices are readily available.

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

(u) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(v) Rounding of amounts

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191* 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 to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

3 Financial risk management

The Funds’ activities expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds’ overall risk management programme focuses on ensuring compliance with the Funds’ PDS and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the Investment Manager under an Investment Mandate approved by the Board of Directors of the Responsible Entity (the “Board”).

The Funds use different methods to measure different types of risk to which they are exposed. These methods are explained below.

(a) Market Risk

(i) Price Risk

Price risk arises from investments held by the Funds for which prices in the future are uncertain.

The Funds have no significant price risk exposure as the Funds invest in a diversified portfolio of bonds and Australian fixed rate bonds respectively. These have exposure primarily to interest rate movement and credit risk. The sensitivities on these instruments are reflected as component of interest rate risk, which are further explained and analysed in notes 3(b) and (c).

3 Financial risk management (continued)

(a) Market Risk (continued)

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Funds have no significant direct foreign exchange risk exposure as the Funds operate solely in Australia and the majority of the Funds' assets and liabilities are denominated in Australian currency.

(iii) Interest rate risk

Interest rate risk is the risk that interest rate movements will have a negative impact on investment value or returns. Interest rate risk is managed in accordance with the underlying investment strategy of the Funds.

The Funds' policies are to maintain derivative adjusted exposure to cash instruments, at any point in time of no more than 5% of the Funds' value.

Compliance with the value of cash investments held is monitored daily and reported to the Board and Compliance Committee on a regular basis.

The tables below summarise the Funds' direct exposure to interest rate risks.

SPDR S&P/ASX Australian Government Bond Fund

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
30 June 2023				
Assets				
Cash and cash equivalents	172,642	-	-	172,642
Due from brokers - receivable for securities sold	-	-	525,340	525,340
Receivables	-	-	179,816	179,816
Financial assets at fair value through profit or loss	-	31,176,981	-	31,176,981
Liabilities				
Due to brokers - payable for securities purchased	-	-	(546,474)	(546,474)
Payables	-	-	(18,130)	(18,130)
Distributions payable	-	-	(122,359)	(122,359)
Net exposure	<u>172,642</u>	<u>31,176,981</u>	<u>18,193</u>	<u>31,367,816</u>
30 June 2022				
Assets				
Cash and cash equivalents	68,965	-	-	68,965
Due from brokers - receivable for securities sold	-	-	53,708	53,708
Receivables	-	-	163,590	163,590
Financial assets at fair value through profit or loss	-	28,302,105	-	28,302,105
Liabilities				
Payables	-	-	(16,618)	(16,618)
Distributions payable	-	-	(73,121)	(73,121)
Net exposure	<u>68,965</u>	<u>28,302,105</u>	<u>127,559</u>	<u>28,498,629</u>

3 Financial risk management (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

SPDR S&P/ASX Australian Bond Fund

30 June 2023	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	136,142	-	-	136,142
Due from brokers - receivable for securities sold	-	-	510,214	510,214
Receivables	-	-	229,998	229,998
Financial assets at fair value through profit or loss	-	37,100,383	-	37,100,383
Liabilities				
Due to brokers - payable for securities purchased	-	-	(581,689)	(581,689)
Payables	-	-	(33,532)	(33,532)
Net exposure	<u>136,142</u>	<u>37,100,383</u>	<u>124,991</u>	<u>37,361,516</u>
30 June 2022				
Assets				
Cash and cash equivalents	74,155	-	-	74,155
Receivables	-	-	246,439	246,439
Financial assets at fair value through profit or loss	-	38,560,759	-	38,560,759
Liabilities				
Payables	-	-	(33,553)	(33,553)
Net exposure	<u>74,155</u>	<u>38,560,759</u>	<u>212,886</u>	<u>38,847,800</u>

An analysis of financial liabilities by maturities is provided in note 3 paragraph (d).

The tables in note 3 paragraph (b) summarise the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 200 basis points (2022: +/- 200 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of cash and cash equivalents and fixed interest securities.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unitholders to the various market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Funds' investments with the relevant benchmark 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 Funds invest. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

SPDR S&P/ASX Australian Government Bond Fund

Interest rate risk	
Impact on operating profit/Net assets attributable to unitholders	
-200bps	+200bps
\$	\$
30 June 2023	626,992
30 June 2022	567,421

The sensitivity factors for 30 June 2022 was +/- 200bps for interest rate risk.

SPDR S&P/ASX Australian Bond Fund

Interest rate risk	
Impact on operating profit/Net assets attributable to unitholders	
-200bps	+200bps
\$	\$
30 June 2023	744,731
30 June 2022	772,698

The sensitivity factors for 30 June 2022 was +/- 200bps for interest rate risk.

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information in order to determine a reasonably possible shift in assumptions.

(c) Credit risk

Credit risk primarily arises from investments in debt securities and derivative financial instruments. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or part. Credit risk is managed primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved in accordance with the Investment Manager's criteria; and
- Ensuring that transactions are undertaken with a range of counterparties.

For derivative financial instruments, the Investment Manager has established limits such that, at any time, the maximum exposure of the Funds to derivative instruments shall be limited to 10%.

Compliance with the Funds' mandate is monitored on a daily basis and reported to the Board and Compliance Committee on a regular basis.

3 Financial risk management (continued)

(c) Credit risk (continued)

The clearing and depository operations of the Funds' security transactions are mainly concentrated with one counterparty namely State Street Australia Limited. At 30 June 2023, State Street Australia Limited had a credit rating of A (2022: A). As at 30 June 2023, substantially all cash and investments are held in custody by State Street Australia.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. An analysis of debt securities by rating is set out in the tables below.

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Debt securities				
AAA+ to AAA-	18,790,160	17,415,362	21,516,906	22,775,207
AA+ to AA-	12,386,821	10,886,743	13,022,109	12,782,564
A+ to A-	-	-	1,202,203	1,387,625
BBB+ to BBB-	-	-	1,359,165	1,615,363
Total	31,176,981	28,302,105	37,100,383	38,560,759

(d) Liquidity risk

The Funds' fixed interest securities are considered readily realisable, as they are traded in an active market and can be readily disposed. The Funds' investments are not exchange-traded.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities

The tables below analyse the Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the tables are contractual undiscounted cash flows.

Units are redeemed on demand at the unitholder's option. It is not expected that the contractual maturity disclosed in the tables below will be representative of the actual cash outflows.

SPDR S&P/ASX Australian Government Bond Fund

	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity
At 30 June 2023	\$	\$	\$	\$	\$
Due to brokers - payable for securities purchased	546,474	-	-	-	-
Payables	18,130	-	-	-	-
Distributions payable	122,359	-	-	-	-
Net assets attributable to unitholders	<u>31,367,816</u>	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>32,054,779</u>	-	-	-	-
At 30 June 2022					
Payables	16,618	-	-	-	-
Distributions payable	73,121	-	-	-	-
Net assets attributable to unitholders	<u>28,498,629</u>	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>28,588,368</u>	-	-	-	-

SPDR S&P/ASX Australian Bond Fund

	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity
At 30 June 2023	\$	\$	\$	\$	\$
Due to brokers - payable for securities purchased	581,689	-	-	-	-
Payables	33,532	-	-	-	-
Net assets attributable to unitholders	<u>37,361,516</u>	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>37,976,737</u>	-	-	-	-
At 30 June 2022					
Payables	33,553	-	-	-	-
Net assets attributable to unitholders	<u>38,847,800</u>	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>38,881,353</u>	-	-	-	-

4 Fair value measurement

The Funds measure and recognise Financial assets / liabilities at fair value through profit or loss (see note 6) on a recurring basis.

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their last traded prices at the end of the reporting period without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in note 2 to the financial statements.

A financial instrument is regarded as quoted in an 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.

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, 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. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. 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.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

4 Fair value measurement (continued)

Recognised fair value measurement

The tables below set out the Funds' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2023 and 30 June 2022.

SPDR S&P/ASX Australian Government Bond Fund

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2023				
Financial assets at fair value through profit or loss				
Debt securities	-	<u>31,176,981</u>	-	<u>31,176,981</u>
Total financial assets at fair value through profit or loss	<u>-</u>	<u>31,176,981</u>	<u>-</u>	<u>31,176,981</u>
As at 30 June 2022				
Financial assets at fair value through profit or loss				
Debt securities	-	<u>28,302,105</u>	-	<u>28,302,105</u>
Total financial assets at fair value through profit or loss	<u>-</u>	<u>28,302,105</u>	<u>-</u>	<u>28,302,105</u>

SPDR S&P/ASX Australian Bond Fund

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2023				
Financial assets at fair value through profit or loss				
Debt securities	-	<u>37,100,383</u>	-	<u>37,100,383</u>
Total financial assets at fair value through profit or loss	<u>-</u>	<u>37,100,383</u>	<u>-</u>	<u>37,100,383</u>
As at 30 June 2022				
Financial assets at fair value through profit or loss				
Debt securities	-	<u>38,560,759</u>	-	<u>38,560,759</u>
Total financial assets at fair value through profit or loss	<u>-</u>	<u>38,560,759</u>	<u>-</u>	<u>38,560,759</u>

The Funds' policies are to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(i) *Transfers between levels*

There were no transfers between the levels for the fair value hierarchy for the year ended 30 June 2023 and 30 June 2022. There were also no changes made to any of the valuation techniques applied as of 30 June 2023.

4 Fair value measurement (continued)

Recognised fair value measurement (continued)

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Funds did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2023 or year ended 30 June 2022.

(iii) Fair values of other financial instruments

The Funds did not hold any financial instruments which were not measured at fair value in the Statements of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

5 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial instruments at fair value through profit or loss:

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Financial assets				
Net realised gain/(loss) on financial assets at fair value through profit or loss	(298,951)	(274,792)	(734,321)	(699,464)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(383,057)	(4,351,887)	61,262	(5,934,752)
Net gains/(losses) on financial assets at fair value through profit or loss	(682,008)	(4,626,679)	(673,059)	(6,634,216)
Total net gains/(losses) on financial instruments at fair value through profit or loss	(682,008)	(4,626,679)	(673,059)	(6,634,216)

6 Financial assets at fair value through profit or loss

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Debt securities	31,176,981	28,302,105	37,100,383	38,560,759
Total financial assets at fair value through profit or loss	31,176,981	28,302,105	37,100,383	38,560,759

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 3.

6 Financial assets at fair value through profit or loss (continued)

Material investments

There are no investments which individually constitute 5% or more by value of the total investments of the SPDR S&P/ASX Australian Government Bond Fund and SPDR S&P/ASX Australian Bond Fund for the year ended 30 June 2023 or 30 June 2022.

7 Net assets attributable to unitholders

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

	SPDR S&P/ASX Australian Government Bond Fund			
	Year ended			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	No.	No.	\$	\$
Opening balance	1,211,029	1,010,199	28,498,629	27,522,847
Applications	130,000	200,000	3,150,561	5,243,640
Units issued upon reinvestment of distributions	847	830	20,003	22,249
Increase/(decrease) in net assets attributable to unitholders	-	-	(301,377)	(4,290,107)
Closing balance	<u>1,341,876</u>	<u>1,211,029</u>	<u>31,367,816</u>	<u>28,498,629</u>

	SPDR S&P/ASX Australian Bond Fund			
	Year ended			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	No.	No.	\$	\$
Opening balance	1,626,827	1,624,653	38,847,800	44,479,802
Applications	30,000	200,000	731,086	5,397,300
Redemptions	(100,000)	(200,000)	(2,395,290)	(5,134,630)
Units issued upon reinvestment of distributions	986	2,174	23,245	58,454
Increase/(decrease) in net assets attributable to unitholders	-	-	154,675	(5,953,126)
Closing balance	<u>1,557,813</u>	<u>1,626,827</u>	<u>37,361,516</u>	<u>38,847,800</u>

As stipulated within the Funds' Constitutions, a unit confers an equal undivided, vested, and indefeasible interest in the assets as a whole, subject to the liabilities. There are no separate classes of units within each Fund and each unit has the same rights attaching to it as all other units of that Fund.

Capital risk management

The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as liabilities. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are exposed to cash applications and redemptions of redeemable units by unitholders.

7 Net assets attributable to unitholders (continued)

Capital risk management (continued)

Liquid assets include cash and cash equivalents, listed equities, listed trusts, and any other securities that are readily convertible to cash under normal market conditions.

In accordance with the Funds' investment policy, the Funds hold a certain portion of the net assets attributable to unitholders in liquid assets.

Refer to Note 3 Financial Risk Management for further details.

8 Distributions to unitholders

The distributions for the year were as follows:

	SPDR S&P/ASX Australian Government Bond Fund			
	Year ended			
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	\$	CPU	\$	CPU
Distributions paid	245,349	19.94	268,496	24.17
Distributions payable	<u>122,359</u>	<u>9.12</u>	<u>73,121</u>	<u>6.04</u>
Total distributions	<u>367,708</u>	<u>29.06</u>	<u>341,617</u>	<u>30.21</u>

	SPDR S&P/ASX Australian Bond Fund			
	Year ended			
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	\$	CPU	\$	CPU
Distributions paid	<u>203,885</u>	<u>12.54</u>	<u>395,687</u>	<u>23.38</u>
Total distributions	<u>203,885</u>	<u>12.54</u>	<u>395,687</u>	<u>23.38</u>

9 Cash and cash equivalents

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Cash at bank	<u>172,642</u>	<u>68,965</u>	<u>136,142</u>	<u>74,155</u>
	<u>172,642</u>	<u>68,965</u>	<u>136,142</u>	<u>74,155</u>

As at 30 June 2023, these accounts were bearing a floating interest rate of 3.46% (2022: 0.01%).

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

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Profit/(loss) for the year	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	(301,377)	(4,290,107)	154,675	(5,953,126)
Distributions to unitholders	367,708	341,617	203,885	395,687
Proceeds from sale of financial instruments at fair value through profit or loss	2,286,880	4,720,033	5,854,634	11,027,008
Purchase of financial instruments at fair value through profit or loss	(5,799,305)	(10,307,286)	(5,002,636)	(11,964,709)
Net (gains)/losses on financial instruments at fair value through profit or loss	682,008	4,626,679	673,059	6,634,216
Net interest bought/(sold)	30,383	44,586	6,794	12,315
Net change in receivables	(16,226)	(8,699)	16,441	23,932
Net change in payables	1,512	(255)	(21)	(5,395)
Net cash inflow/(outflow) from operating activities	<u>(2,748,417)</u>	<u>(4,873,432)</u>	<u>1,906,831</u>	<u>169,928</u>
(b) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	20,003	22,249	23,245	58,454

11 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Funds:

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Ernst & Young Australian firm				
<i>Audit and other assurance services</i>				
Audit and review of financial statements	17,595	17,000	17,595	17,000
Audit of compliance plan	<u>1,780</u>	<u>1,500</u>	<u>1,780</u>	<u>1,500</u>
Total remuneration for audit and other assurance services	<u>19,375</u>	<u>18,500</u>	<u>19,375</u>	<u>18,500</u>
<i>Taxation services</i>				
Tax compliance services	<u>7,680</u>	<u>7,650</u>	<u>7,680</u>	<u>7,650</u>
Total remuneration for taxation services	<u>7,680</u>	<u>7,650</u>	<u>7,680</u>	<u>7,650</u>
Total remuneration of Ernst & Young	<u>27,055</u>	<u>26,150</u>	<u>27,055</u>	<u>26,150</u>

In 2023 and 2022, the Investment Manager has paid the remuneration of auditors on behalf of the Funds.

12 Receivables

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Interest receivable	179,816	163,590	229,968	246,409
Other receivables	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
	<u>179,816</u>	<u>163,590</u>	<u>229,998</u>	<u>246,439</u>

13 Payables

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Management fee payable	10,667	9,629	14,230	14,342
Other payables	7,463	6,989	19,302	19,211
	<u>18,130</u>	<u>16,618</u>	<u>33,532</u>	<u>33,553</u>

14 Related party transactions

Responsible Entity

The Responsible Entity of the Funds is State Street Global Advisors, Australia Services Limited. The ultimate holding company of the Responsible Entity is State Street Corporation (incorporated in the United States of America).

Under the terms of the Funds' Constitutions, the Responsible Entity is entitled to receive fees of 1.00% (2022: 1.00%) per annum of the Net Asset Value, calculated daily and payable within 7 days of the end of the month. In accordance with the PDS, the Responsible Entity only charged 0.01% of the net asset value during 2023 (2022: 0.01% per annum).

Key management personnel

Key management personnel includes persons who were directors of State Street Global Advisors, Australia Services Limited at any time during the financial year as follows:

Matthew George
Jonathan Mark Shead
Kathleen Gallagher
Peter Hocking

Key management personnel compensation

Key management personnel are paid by State Street Global Advisors, Australia, Limited. Payments made from the Funds to State Street Global Advisors, Australia Services Limited do not include any amounts attributable to the compensation of key management personnel remuneration.

Key management personnel loan disclosures

The Funds have 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 Funds

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Funds during the financial year and there were no material contracts involving director's interests existing at year end.

14 Related party transactions (continued)

Investment Manager's fees and other fees for transactions provided by related parties

The Investment Manager of the Funds is State Street Global Advisors, Australia, Limited. The ultimate holding company of the Investment Manager is State Street Corporation (incorporated in the United States of America).

SPDR S&P/ASX Australian Government Bond Fund

During the year, the Investment Manager's fees were capped at 0.210% p.a. (2022: 0.210% p.a.). The cap takes account of both GST payable on the operating fees and expenses of the Fund and also the benefit of RITC. Additional information on the remuneration of the Investment Manager and its terms of appointment under an Investment Manager Alliance Deed are contained in the Fund's Product Disclosure Statement located at www.spdrs.com.au.

During the year, the total annual management costs for the Fund (the Indirect Cost Ratio) were capped at 0.220% p.a. (2022: 0.220% p.a.).

SPDR S&P/ASX Australian Bond Fund

During the year, the Investment Manager's fees were capped at 0.230% p.a. (2022: 0.230% p.a.). The cap takes account of both GST payable on the operating fees and expenses of the Fund and also the benefit of RITC. Additional information on the remuneration of the Investment Manager and its terms of appointment under an Investment Manager Alliance Deed are contained in the Fund's Product Disclosure Statement located at www.spdrs.com.au.

During the year, the total annual management costs for the Fund (the Indirect Cost Ratio) were capped at 0.240% p.a. (2022: 0.240% p.a.).

The Custodian and Administrator of the Funds is State Street Australia Limited. The ultimate holding company of the Custodian is State Street Corporation (incorporated in the United States of America).

The transactions during the year and amounts payable at year end among the Funds and the Responsible Entity and the Investment Manager were as follows:

	SPDR S&P/ASX Australian Government Bond Fund		SPDR S&P/ASX Australian Bond Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Responsible Entity's fees for the year	3,088	3,034	4,078	4,566
Investment Manager's fees for the year	61,910	60,836	89,595	100,314
Related party transaction fees for the year	1,076	1,867	1,367	351
Aggregate amounts payable to the Responsible Entity/Investment Manager at the end of the reporting period	11,199	10,109	14,878	14,995

All administration fees are paid by the Responsible Entity on behalf of the Funds.

SPDR S&P/ASX Australian Government Bond Fund held its bank account with State Street Bank and Trust Company during the year. As at 30 June 2023, the balance in the account was \$172,642 (30 June 2022: \$68,965).

SPDR S&P/ASX Australian Bond Fund held its bank account with State Street Bank and Trust Company during the year. As at 30 June 2023, the balance in the account was \$136,142 (30 June 2022: \$74,155).

14 Related party transactions (continued)

Related party unitholdings

Parties related to the Funds (including State Street Global Advisors, Australia Services Limited, their related parties and other schemes managed by State Street Global Advisors, Australia Services Limited), held units in the Funds as follows:

SPDR S&P/ASX Australian Government Bond Fund

30 June 2023

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
State Street Global Advisors	1	1	23	-	-	-	-

30 June 2022

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
State Street Global Advisors	1	1	24	-	-	-	-

SPDR S&P/ASX Australian Bond Fund

30 June 2023

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
State Street Global Advisors	1	1	24	-	-	-	-

30 June 2022

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
State Street Global Advisors	1	1	24	-	-	-	-

Investments

The Funds did not hold any investments in State Street Global Advisors, Australia Services Limited, their related parties or other funds managed by State Street Global Advisors, Australia Services Limited during the year (2022: Nil).

15 Segment information

The Funds are organised into one main segment which operates solely in the business of investment management within Australia.

The Funds operate in Australia and hold investments in Australia.

16 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact the financial position of the Funds disclosed in the Statements of financial position as at 30 June 2023 or the results and cash flows of the Funds for the year ended on that date.

17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 (or 30 June 2022).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2023 and of their performance for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements 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.



Jonathan Shead
Director

Sydney
24 August 2023



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Independent Auditor's Report

To the unitholders of:

- ▶ SPDR S&P/ASX Australian Government Bond Fund
- ▶ SPDR S&P/ASX Australian Bond Fund

referred to collectively as SPDR S&P Fixed Income ETFs.

Opinion

We have audited the financial report of SPDR S&P Fixed Income ETFs (the "Funds"), which comprises the statements of financial position as at 30 June 2023, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Funds' financial position as at 30 June 2023 and of their financial performance for the year ended on that date; 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 Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Why significant

Investment existence and valuation

The Funds have a significant investment portfolio consisting primarily of a diversified portfolio of bonds.

As disclosed in the Funds' accounting policy, described in Note 2 of the financial statements, these financial assets are recognised at fair value through profit or loss in accordance with the relevant Australian Accounting Standards.

Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and relevant disclosures in the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.

How our audit addressed the matter

Our audit procedures included:

- ▶ Assessing the effectiveness of the controls relating to the existence, completeness and valuation of investments;
- ▶ Obtaining and considering the assurance reports on the controls of the Funds' custodian and administrator in relation to investment management services and the auditor's credentials, their objectivity and results of their procedures;
- ▶ Agreeing all investment holdings, including cash accounts, to third party confirmations at 30 June 2023;
- ▶ Agreeing the fair value of all investments in the investment portfolio held at 30 June 2023 to independent pricing sources for debt securities; and
- ▶ Assessing the adequacy of the disclosures in Note 4 to the financial statements in accordance with Australian Accounting Standards.

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

The Directors of the Responsible Entity of the Funds are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will 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 on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors 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 Funds' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity either intend to liquidate the Funds 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 the 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 judgment 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 Funds' internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.
- ▶ Conclude on the appropriateness of the Directors of the Responsible Entity of the Funds' 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 Funds' 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 Funds 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.



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, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors of the Responsible Entity, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive style.

Rita Da Silva
Partner
Sydney
24 August 2023

Corporate Directory

Responsible Entity

State Street Global Advisors, Australia Services Limited
ABN 16 108 671 441
Australian Financial Services Licence 274900

Registered Office

Level 14
420 George Street
Sydney NSW 2000

Phone: (02) 9240 7600

Directors of the Responsible Entity

Matthew George
Jonathan Mark Shead
Kathleen Gallagher
Peter Hocking

Secretary

Robert Cook

Compliance Committee

Penni James (Chair, independent);
Jonathan Shead (State Street Global Advisors, Australia Services Limited);and
Christine Feldmanis (independent)

Auditor of the Funds

Ernst & Young

Principal Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1234
Phone: 1300 665 385

Stock Exchange Quotations

The Funds are quoted on the Australian Securities Exchange Limited. Their codes are as follows:

SPDR S&P/ASX Australian Government Bond Fund - GOVT

SPDR S&P/ASX Australian Bond Fund - BOND