

# **Bateau Global Opportunities Fund**

ARSN 611 746 975

## **Condensed financial report For the half-year ended 31 December 2019**

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## Condensed financial report For the half-year ended 31 December 2019

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This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made in respect of Bateau Global Opportunities Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This condensed financial report covers Bateau Global Opportunities Fund as an individual entity.

The Responsible Entity of Bateau Global Opportunities Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:  
Level 1, 575 Bourke Street,  
Melbourne, VIC 3000.

## **DIRECTORS' REPORT**

The directors of Equity Trustees Limited, the Responsible Entity of Bateau Global Opportunities Fund ("the Fund"), present their report together with the condensed financial statements of the Fund for the half-year ended 31 December 2019. These condensed financial statements have been prepared as it is a disclosing entity under the *Corporations Act 2001*.

### **Principal activities**

The Fund invests in listed exchanged traded funds and unlisted managed investment fund in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year ended 31 December 2019 (31 December 2018: Nil).

There were no significant changes in the nature of the Fund's activities during the half-year ended 31 December 2019 (31 December 2018: Nil).

The various service providers for the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	Equity Trustees Limited *
Investment Manager	Bateau Asset Management Pty Ltd
Custodian and Administrator	Mainstream Fund Services Pty Ltd
Statutory Auditor	Ernst & Young

\* Equity Trustees Limited as appointed Responsible Entity on 18 December 2019 following the retirement of EQT Responsible Entity Services Ltd who acted as Responsible Entity from 1 July 2019 to 17 December 2019.

### **Directors**

The following persons held office as directors of EQT Responsible Entity Services Ltd from 1 July 2019 to 17 December 2019:

Philip D Gentry	Chairman
Harvey H Kalman	
Travis R Goudie	

The following persons held office as directors of Equity Trustees Limited from 18 December 2019 an up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	
Ian C Westley	
Michael J O'Brien	

### **Review and results of operations**

During the half-year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance for the half-year ended 31 December 2019 was -5.49%. The Fund's benchmark, the Reserve Bank of Australia's (RBA's) cash rate returned 0.44% for the same period.

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

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
Operating profit/(loss) for the half-year (\$'000)	<b>(1,337)</b>	<b>(382)</b>

There were no distributions declared for the half-year 31 December 2019 and 31 December 2018.

## DIRECTORS' REPORT (CONTINUED)

### 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 Fund that occurred during the half-year ended 31 December 2019.

### Rounding of amounts to the nearest thousand dollars

The Fund is a registered scheme of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and condensed financial statements.

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

### 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 4.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry  
Chairman

Melbourne  
6 March 2020



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Equity Trustees Limited as Responsible Entity for Bateau Global Opportunities Fund**

As lead auditor for the review of the half-year financial report of Bateau Global Opportunities Fund for the half-year ended 31 December 2019, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Rohit Khanna', with a long horizontal flourish extending to the right.

Rohit Khanna  
Partner  
Sydney  
6 March 2020

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Half-year ended	
		31 December 2019 \$'000	31 December 2018 \$'000
<b>Investment income</b>			
Interest income from financial assets at amortised cost		-	4
Dividend and distribution income		6	6
Net foreign exchange gain/(loss)		(8)	(10)
Net gains/(losses) on financial instruments at fair value through profit or loss	4	(1,109)	(207)
Other income		5	-
<b>Total investment income/(loss)</b>		<b>(1,106)</b>	<b>(207)</b>
<b>Expenses</b>			
Management fees		108	76
Custody and administration fees		37	52
Recoverable fees		85	43
Transaction costs		-	1
Other expenses		1	3
<b>Total expenses</b>		<b>231</b>	<b>175</b>
<b>Operating profit/(loss) for the half-year</b>		<b>(1,337)</b>	<b>(382)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<b>(1,337)</b>	<b>(382)</b>

*The above condensed statement of comprehensive income should be read in conjunction with the accompanying*

**CONDENSED STATEMENT OF FINANCIAL POSITION**

		As at	
	Note	31 December 2019 \$'000	30 June 2019 \$'000
<b>Assets</b>			
Cash and cash equivalents	8	848	269
Receivables	9	137	102
Financial assets at fair value through profit or loss	5	23,357	23,966
<b>Total assets</b>		<b>24,342</b>	<b>24,337</b>
<b>Liabilities</b>			
Payables	10	237	814
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>237</b>	<b>814</b>
<b>Net assets attributable to unit holders – equity</b>		<b>24,105</b>	<b>23,523</b>

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

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

	Note	Half-year ended	
		31 December 2019 \$'000	31 December 2018 \$'000
<b>Total equity at the beginning of the half-year</b>		<b>23,523</b>	16,542
<b>Comprehensive income for the half-year</b>			
Profit/(loss) for the half-year		(1,337)	(382)
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(1,337)</b>	<b>(382)</b>
<b>Transactions with unit holders</b>			
Applications	6	2,341	4,252
Redemptions	6	(422)	(176)
Reinvestment of distributions	6	-	324
<b>Total transactions with unit holders</b>		<b>1,919</b>	<b>4,400</b>
<b>Total equity at the end of the half-year</b>		<b>24,105</b>	<b>20,560</b>

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



## CONDENSED STATEMENT OF CASH FLOWS

	Note	Half-year ended	
		31 December 2019 \$'000	31 December 2018 \$'000
<b>Cash flows from operating activities</b>			
Payments for purchase of financial instruments at fair value through profit or loss		(500)	(4,771)
Net foreign exchange gain/(loss)		-	(17)
Interest income received from financial assets at amortised cost		-	3
Dividends and distributions received		9	5
Other income received		5	-
Management fees reimbursed		70	-
Management fees paid		(569)	(199)
Custody and administration fees paid		(50)	(59)
Recoverable fees paid		(85)	(71)
Other expenses paid		(22)	(19)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(1,142)</b>	<b>(5,128)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		2,246	3,630
Payments for redemptions by unit holders		(517)	(166)
Distributions to unit holders		-	(332)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>1,729</b>	<b>3,132</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>587</b>	<b>(1,996)</b>
Cash and cash equivalents at the beginning of the half-year		269	2,514
Effects of foreign currency exchange rate changes on cash and cash equivalents		(8)	7
<b>Cash and cash equivalents at the end of the half-year</b>		<b>848</b>	<b>525</b>
<b>Non-cash operating and financing activities</b>			
Issue of units under the distribution reinvestment plan		-	324

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

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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## **1 GENERAL INFORMATION**

These condensed financial statements cover Bateau Global Opportunities Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme, which was constituted on 14 November 2001 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The condensed financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in listed exchanged traded funds and unlisted investment companies in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The condensed 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 condensed financial statements.

## **2 BASIS OF PREPARATION**

These condensed financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The directors are satisfied that the Fund has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

### **Significant accounting policies**

The accounting policies applied in these condensed financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2019.

## **3 FAIR VALUE MEASUREMENT**

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements.

### 3 FAIR VALUE MEASUREMENT (CONTINUED)

#### a. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### b. Fair value in an inactive or unquoted market (level 2)

The fair value of financial assets and liabilities that are not 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.

Investments in unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

#### c. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2019 and 30 June 2019.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 31 December 2019</b>				
<b>Financial assets at fair value through profit or loss</b>				
Exchange traded funds	401	-	-	401
Unlisted managed investment fund	-	22,956	-	22,956
<b>Total financial assets at fair value through profit or loss</b>	<b>401</b>	<b>22,956</b>	<b>-</b>	<b>23,357</b>

As at 30 June 2019

<b>Financial assets at fair value through profit or loss</b>				
Exchange traded funds	333	-	-	333
Unlisted managed investment fund	-	23,633	-	23,633
<b>Total financial assets at fair value through profit or loss</b>	<b>333</b>	<b>23,633</b>	<b>-</b>	<b>23,966</b>

#### d. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2019: Nil).

#### e. Financial instruments not carried at fair value

The carrying value of cash and cash equivalents, receivables and payables are assumed to approximate their fair values due to their short-term nature.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior reporting periods.

#### 4 NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Half-year ended	
	31 December 2019 \$'000	31 December 2018 \$'000
<b>Financial assets</b>		
Net realised gain/(loss) on financial assets at fair value through profit or loss	7	-
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(1,116)	(207)
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>(1,109)</b>	<b>(207)</b>

#### 5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Exchange traded funds	401	333
Unlisted managed investment fund	22,956	23,633
<b>Total financial assets at fair value through profit or loss</b>	<b>23,357</b>	<b>23,966</b>

#### 6 NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

Movements in the number of units and net assets attributable to unit holders during the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2019	31 December 2019	31 December 2018	31 December 2018
	Units '000	\$'000	Units '000	\$'000
Opening balance	18,895	23,523	14,842	16,542
Applications	1,937	2,341	3,787	4,252
Redemptions	(347)	(422)	(155)	(176)
Reinvestment of distributions	-	-	290	324
Profit/(loss) for the half-year	-	(1,337)	-	(382)
<b>Closing balance</b>	<b>20,485</b>	<b>24,105</b>	18,764	20,560

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

#### 7 DISTRIBUTION TO UNIT HOLDERS

There were no distributions declared for the half-year ended 31 December 2019 and 31 December 2018.

## 8 CASH AND CASH EQUIVALENTS

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Cash at bank	848	269
<b>Total cash and cash equivalents</b>	<b>848</b>	<b>269</b>

There was no interest received on the accounts as at 31 December 2019 (30 June 2019: 0.8%).

## 9 RECEIVABLES

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Applications receivable	120	25
Management fees reimbursements receivable	-	70
Dividends and distributions receivable	4	7
GST receivable	13	-
<b>Total receivables</b>	<b>137</b>	<b>102</b>

## 10 PAYABLES

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Management fees payable	50	128
Performance fees payable	-	383
Redemptions payable	125	220
Responsible Entity fees payable	17	17
Custody and administration fees payable	26	39
Recoverable fees payable	15	15
Other fees payable	4	12
<b>Total payables</b>	<b>237</b>	<b>814</b>

## 11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2019 or on the results and cash flows of the Fund for the half-year ended on that date.

## 12 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2019 and 30 June 2019.

## DIRECTORS' DECLARATION

In the opinion of the directors of the Responsible Entity:

- a. The condensed financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirement; and
  - ii. giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half-year 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.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry  
Chairman

Melbourne  
6 March 2020



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working world**

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## **Independent Auditor's Review Report to the Unitholders of Bateau Global Opportunities Fund**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Bateau Global Opportunities Fund (the "Fund"), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Responsible Entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the half-year financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

*Ernst & Young*

Ernst & Young

*Rohit Khanna*

Rohit Khanna  
Partner  
Sydney  
6 March 2020