

Everest Alternative Investment Trust

ARSN 134 483 319

Annual report for the financial year ended 31 December 2019

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Directors' Report

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of Everest Alternative Investment Trust (ARSN 134 483 319) ("EAIT" or the "Trust"), submit their report for the Trust for the year ended 31 December 2019.

Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Justin Epstein	Non-executive Director (resigned 1 October 2019)
Michael Sutherland	Executive Director (appointed 1 October 2019)

Responsible Entity

The responsible entity of the Trust is OMIFL. The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney NSW 2000.

Principal Activities

The Trust is a registered managed investment scheme, domiciled in Australia.

On 11 February 2011, OMIFL decided to terminate the Trust pursuant to the terms of the Trust's Constitution. Investors were notified of this on 23 February 2011. Following the decision made by the Responsible Entity, the Trust is being managed with the goal of realising the Trust assets in an orderly manner.

The Trust has exposure to a portfolio of absolute return funds. The portfolio was previously held via a swap agreement with Macquarie Bank Limited (the "Swap") which was effectively unwound as at 30 November 2018.

The Trust did not have any employees during the year.

Review of Operations

Results

The results of the operations of the Trust are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The loss attributable to unitholders for the year ended 31 December 2019 was \$972,613 (2018: \$386,339 loss).

Distributions

In respect of the financial year ended 31 December 2019, a distribution of \$nil (2018: \$nil) was paid to unitholders.

Return of Capital

In respect of the financial year ended 31 December 2019, returns of capital totaling \$nil (2018: \$283,973) were paid to unitholders.

Value of Assets and Units Issued

The total value of the Trust's assets at 31 December 2019 is \$743,752 (2018: \$1,697,130). The total number of units on issue as at 31 December 2019 is 37,364,860 (2018: 37,364,860).

Directors' Report (continued)

Fees Paid and Payable to the Responsible Entity and Associates

The following fees were paid or payable to the Responsible Entity and its associates out of the Trust's property during the year ended 31 December 2019:

Management fees for the year ended 31 December 2019 were \$17,163 (2018: \$24,795) of which \$7,169 (2018: \$6,064) was payable at year end.

Changes in State of Affairs

During the financial year the following change occurred in the state of affairs of the Trust.

The Responsible Entity agreed to sell the remaining portfolio positions with the aim to complete the wind up prior to 30 June 2020.

Aside from the above, there were no other significant changes in the state of affairs of the Trust.

Subsequent Events

There has not been any matter or circumstances occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Future Developments

The Trust will be managed in accordance with the Constitution. The Responsible Entity sold the investments held by the Trust. The sales are pending settlement. Following the completion of the settlements, the Responsible Entity aims to complete the windup of the Trust. It is anticipated that this will occur prior to 30 June 2020.

Environmental Regulation and Performance

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

Indemnification of Directors, Officers and Auditors

During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the directors of OMIFL against a liability incurred as a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability as such an officer or auditor.

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 3.

Signed in accordance with a resolution of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle
Director
30 March 2020

30 March 2020

The Directors
One Managed Investment Funds Limited
As the Responsible Entity of Everest Alternative Investment
Trust
Level 11
20 Hunter Street
SYDNEY NSW 2000

Dear Directors

Everest Alternative Investment Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of One Managed Investment Funds Limited.

As lead audit partner for the audit of the financial report of Everest Alternative Investment Trust for the financial year ended 31 December 2019, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely

**Crowe Sydney****John Haydon**
Senior Partner

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Independent Auditor's Report to the Unitholders of Everest Alternative Investment Trust

Opinion

We have audited the financial report of Everest Alternative Investment Trust (the Trust), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Trust's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Responsibilities of the Responsible Entity for the Financial Report

The directors of One Managed Investments Funds Limited as the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so. In Note 3(c) the directors state that the financial report has been prepared on a non-going concern basis.

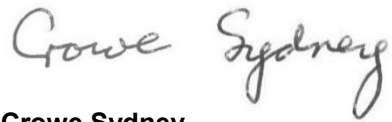
Auditor's Responsibilities for the Audit of the Financial Report

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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 the audit.



Crowe Sydney



John Haydon
Senior Partner

30 March 2020
Sydney

Directors' Declaration

The directors of the Responsible Entity declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- b) in the directors' opinion, the attached financial statements and notes thereto are in compliance with the basis of preparation and accounting policies described in note 3 to the financial statements and present fairly the financial position and performance of the Trust as at 31 December 2019; and
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Trust.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 295(5) of the Corporations Act 2001.



Frank Tearle
Director
30 March 2020

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

		Year ended 31 December 2019	Year ended 31 December 2018
	Note	\$	\$
Income			
Change in value of financial assets held at fair value through profit or loss		(716,323)	(44,823)
Interest income		5,796	7,160
Other income		-	409
Total loss		<u>(710,527)</u>	<u>(37,254)</u>
Expenses			
Management fees	5	17,163	24,795
Administration fees		77,900	77,894
Professional fees		48,053	36,429
Swap fees		-	117,762
Other expenses		118,970	92,205
Total expenses		<u>262,086</u>	<u>349,085</u>
Net loss attributable to unitholders		(972,613)	(386,339)
Finance costs attributable to unitholders			
Decrease in net assets attributable to unitholders		972,613	386,339
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 December 2019

		31 December 2019	31 December 2018
	Note	\$	\$
Assets			
Cash and cash equivalents	10 (a)	613,976	452,490
Financial assets at fair value through profit or loss	4	-	1,184,918
Other assets		129,776	59,722
Total assets		<u>743,752</u>	<u>1,697,130</u>
Liabilities			
Management fees payable	5	7,169	6,064
Administrative fees payable		7,929	7,929
Professional fees payable		26,950	24,365
Other payables		64,967	49,422
Total liabilities (excluding net assets attributable to unitholders)		<u>107,015</u>	<u>87,780</u>
Net assets attributable to unitholders		<u>636,737</u>	<u>1,609,350</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2019

	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
Total equity at the beginning of the year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as equity holders	-	-
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 start or end of the financial year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 December 2019

	Year ended 31 December 2019	Year ended 31 December 2018
Note	\$	\$
Cash flows from operating activities		
Interest received	6,124	7,078
Management fees paid	(16,058)	(27,297)
Administration fees paid	(77,900)	(77,894)
Net proceeds from sale of financial assets held at fair value through profit or loss	398,586	828,353
Other net expenses paid	(149,266)	(259,951)
Net cash generated from operating activities	161,486	470,289
	10 (b)	
Cash flows from financing activities		
Returns of capital	-	(283,973)
Net cash used in financing activities	-	(283,973)
Net increase in cash and cash equivalents	161,486	186,316
Cash and cash equivalents at the beginning of the year	452,490	266,174
Cash and cash equivalents at the end of the year	613,976	452,490
	10 (a)	

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. General Information

Everest Alternative Investment Trust (ARSN 134 483 319) (“EAIT” or the “Trust”) is an unlisted registered managed investment scheme. The address of its registered office and principal place of business is Level 11, 20 Hunter Street, Sydney NSW 2000. The responsible entity of the Trust is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) (“OMIFL” or the “Responsible Entity”). The principal activity of the Trust is disclosed in the Directors’ Report.

On 11 February 2011, OMIFL decided to terminate the operations of the Trust. Investors were notified of this on 23 February 2011.

2. Adoption of New and Revised Accounting Standards

New or amended Accounting Standard and Interpretations adopted in the current period

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Fund.

3. Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations as they apply to a trust which is no longer a going concern, and comply with other requirements of the law.

Compliance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board (“AASB”) ensures that the financial statements and notes thereto comply with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The financial statements were authorised for issue by the directors of the Responsible Entity on 30 March 2020.

b) Basis of preparation

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders. The amounts expected to be received or settled in relation to these balances cannot be readily determined.

All amounts are presented in Australian dollars as the functional and presentation currency of the Trust.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

c) Non-going concern basis

As a result of the decision to terminate Trust operations on 11 February 2011 pursuant to the terms of the Trust's Constitution, this general purpose financial report has been prepared on a non-going concern basis. As the Swap was unwound on the 30 November 2018, the only significant assets of the Trust were the fund and unit trust investments and its cash balances. During the period the Responsible Entity sold the investments held by the Trust. The sales are pending settlement. As such the net realisable values of the Trust's assets are equivalent to their fair values.

d) Revenue and income recognition

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

Distributions

Distributions from investments are recognised when the right to receive the payment is established.

Interest income

Interest income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, cash balances held with brokers and cash held in the One Cash Management Fund ("OCMF"), a fund managed by a related party of OMIFL, which is redeemable on a daily basis.

f) Investments in financial instruments

Investments in financial instruments, as defined by AASB 132 'Financial Instruments: Presentation', are categorised in accordance with AASB 9 'Financial Instruments'. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial year end.

Held at fair value through profit or loss

Investments of the Trust that have been held at fair value through profit or loss include securities that are held for trading but for which there is no positive intention to hold to maturity. All investments are initially recognised at fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets that are held at fair value through profit or loss are re-valued to fair value at each reporting date.

The Trust carried its investments in other funds at fair value based on financial data supplied by the managers of the funds invested in. Changes in the fair value of the investment are included in the Statement of Profit or Loss and Other Comprehensive Income as an unrealised appreciation or depreciation on fund investments.

The investments were held by the Trust have been held at fair value through profit or loss as doing so results in more relevant information. These investments were part of a full group of financial assets which were managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Trust.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

g) Taxation

Under the current tax legislation, the Trust is not subject to income tax provided that the unitholders are presently entitled to the income of the Trust and that the Trust entirely distributes its taxable income.

There is no income of the Trust to which the unitholders are not currently entitled. Additionally, the Trust's Constitution requires the distribution of the full amount of the net income of the Trust to unitholders each year. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Trust, these gains would be included in the taxable income and assessable in the hands of the unitholders.

h) Distributions

In accordance with the Trust's Constitution, the Trust distributes all distributable income to unitholders.

Distributable income includes capital gains arising from the disposal of investments and foreign exchange gains. Unrealised gains or losses on investments that are recognised in the Statement of Profit or Loss and Other Comprehensive Income are not distributed until realised. Capital losses are not distributed to unitholders and are retained to be offset against future realised capital gains.

i) Foreign currency transactions

The functional and presentation currency for the Trust is Australian Dollars. Transactions in foreign currencies are brought to account at the prevailing exchange rates at the date of the transaction. Foreign currency monetary items are translated at the exchange rate existing on reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

The differences arising from these foreign currency translations are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they arise.

j) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the tax authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

k) Payables

Trade and other payables are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year. The amounts are carried at cost, are unsecured and are usually paid within 30 days of recognition.

l) Net assets attributable to unitholders

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment in the Trust.

Contributions from unitholders and the net profit/(loss) attributable to unitholders of the Trust are recognised in the Statement of Financial Position as net assets attributable to unitholders.

Amounts payable to unitholders are classified as a financial liability. Non-distributable income is included in net assets attributable to unitholders. The change in this amount each year represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)***m) Applications and redemptions***

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

The application and redemption unit price is determined as the net asset value of the Trust, adjusted for any estimated transaction costs, divided by the number of units on issue at the date of the application or redemption. The Responsible Entity may, in its absolute discretion, accept redemptions outside the terms of the Product Disclosure Statement. The fulfilment of any redemption request is subject to the then liquidity of the investment portfolio and the underlying investment managers' redemption terms.

On 11 February 2011, OMIFL decided to terminate the Trust pursuant to the terms of the Trust's Constitution. Investors were notified of this on 23 February 2011. Following the decision made by the Responsible Entity, the Trust is being managed with the goal of realising the Trust assets in an orderly manner. As a result applications and redemptions have been suspended.

n) Critical accounting judgements and key sources of estimation uncertainty

Management has adhered to the Trust's unit pricing policy which sets out the basis upon which the units of the Trust have been valued, a copy of which is available upon request. In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in notes 3 c) and 3 f) of these financial statements.

o) Redeemable participating units

The participating units issued by the Trust provide the unitholders with the right to redeem their units for cash equal to their proportionate share of the net asset value of the Trust. AASB 32 permits certain puttable instruments that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity on liquidation to be classified as equity, subject to specified criteria being met. The Trust's redeemable participating units do not meet the specified criteria and have been consequently classified as liabilities. The liability to participating unitholders is presented on the Statement of Financial Position as "Net assets attributable to unitholders" and is determined based on the residual assets of the Trust after deducting the Trust's other liabilities.

4. Investments in Financial Instruments

	31 December 2019	31 December 2018
	\$	\$
Fair value of financial assets held at fair value through profit or loss		
Investments in funds	-	1,173,617
Investments in unlisted unit trusts	-	11,301
	-	1,184,918

Notes to the Financial Statements

4. Investment in Financial Instruments (continued)

Trust Investments

The Trust had direct exposure to the absolute return funds. The fair value of these assets was based on the net asset value information received from the underlying fund's administrator, and, where appropriate, estimated performance data from the underlying fund's manager. These fair values were reconciled monthly by the Trust's third party administrator and any changes in fair value reviewed for reasonableness by the Investment Manager.

Investments in Funds and Unlisted Unit Trusts

The Trust had investments in EAIT Sub-Trust No. 1 and One HF Trust.

Disclosed Fair Values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

Fair Value Hierarchy

Financial instruments carried at fair value are categorised under a three level hierarchy. Financial instruments are categorised based on the observable market inputs when estimating their fair value. If different levels of inputs are used to measure a financial instrument's fair value, the instrument's classification within the hierarchy is based on the lowest level of input that was significant to the fair value measurement.

The underlying investment portfolio is classified under level 3 in the fair value hierarchy table as valuations are based on net asset values of the absolute return funds which have underlying level 3 investments. The investments in funds and unlisted unit trusts are also classified under level 3 as valuations are based on the net asset values of those funds and unit trusts.

Notes to the Financial Statements

4. Investment in Financial Instruments (continued)

Fair Value Hierarchy (continued)

The following table shows an analysis of financial instruments held at 31 December 2019 and 31 December 2018 respectively, recorded at fair value and presented by level of the fair value hierarchy:

	31 December 2019			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Financial assets				
Investments in funds	-	-	-	-
Investments in unlisted unit trusts	-	-	-	-
Total financial assets held at fair value through profit or loss	-	-	-	-

	31 December 2018			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Financial assets				
Investments in funds	-	-	1,173,617	1,173,617
Investments in unlisted unit trusts	-	-	11,301	11,301
Total financial assets held at fair value through profit or loss	-	-	1,184,918	1,184,918

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. The Trust's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to derive level 1, level 2 and level 3 fair values**Level 1**

The fair value of financial instruments that are traded in an active market (for example, listed equities) is determined using the last traded quoted price in an active market. As at 31 December 2019 the Trust had \$ nil (2018: \$ nil) financial assets held at fair value through profit or loss included in level 1.

Level 2

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 December 2019 the Trust had \$ nil (2018: \$ nil) financial instruments in level 2.

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 31 December 2018 the Trust had \$ nil (2018: \$1,184,918) financial assets held at fair value through profit or loss included in level 3. The Trust also had \$ nil (2018: \$ nil) financial liabilities held at fair value through profit or loss as at 31 December 2019. The instruments are valued by using the latest available statements received from the underlying investment administrators and managers, which is based on the 'net asset value' of each investment.

Notes to the Financial Statements

4. Investment in Financial Instruments (continued)

Valuation techniques used to derive level 1, level 2 and level 3 fair values (continued)

Reconciliation of level 3 fair values

Financial assets measured on a recurring basis using significant unobservable inputs (Level 3) are shown below:

	Year ended 31 December 2019	Year ended 31 December 2018
	\$	\$
Opening balance	1,184,918	2,108,999
Change in value of financial assets held at fair value through profit or loss	(716,323)	(44,823)
Net sales	(468,595)	(879,258)
Closing balance	-	1,184,918

Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

5. Management and Performance Fees

The Responsible Entity of the Trust is OMIFL. In accordance with the Trust's Constitution, the Responsible Entity receives a total fee of 1.25% per annum on the Trust's assets (exclusive of GST), net of tax credits available to the Trust.

The following table shows the management fees paid and payable to the Responsible Entity for the financial years ended 31 December 2019 and 2018.

	Year ended 31 December 2019	Year ended 31 December 2018
	\$	\$
Management fee expense for the year to the:		
Responsible Entity	17,163	24,795
Total management fee expense for the year	17,163	24,795
Management fees payable at Statement of Financial Position date to the:		
Responsible Entity	7,169	6,064
Total management fees payable as at Statement of Financial Position date	7,169	6,064

No performance fees were paid during the year ended 31 December 2019 (2018: \$nil).

Notes to the Financial Statements

6. Distribution Payable to Unitholders

In accordance with the Trust's Constitution, the Trust fully distributes its distributable income to unit holders in cash. Such distributions are determined by reference to the net taxable income of the Trust. The distribution paid during the year ended 31 December 2019 was \$nil (2018: \$nil).

7. Net Assets Attributable to Unitholders**Year ended 31 December 2019**

	No. of Units	\$
Opening balance as at 1 January 2019	37,364,860	1,609,350
Net loss attributable to unitholders		(972,613)
Closing balance as at 31 December 2019	37,364,860	636,737

Year ended 31 December 2018

	No. of Units	\$
Opening balance as at 1 January 2018	37,364,860	2,279,662
Returns of capital		(283,973)
Net loss attributable to unitholders		(386,339)
Closing balance as at 31 December 2018	37,364,860	1,609,350

8. Capital Management

The Trust's objectives for managing capital are:

- to maximise the amount of capital returned to investors; and
- to maintain sufficient liquidity to meet the ongoing expenses of the Trust; and
- to maintain sufficient size to make the operation of the Trust cost-efficient.

The Trust is being managed to preserve value and return of capital to unitholders via an orderly realisation of underlying investments.

9. Auditor's Remuneration

	Year ended 31 December 2019	Year ended 31 December 2018
	\$	\$
Audit and review of the financial report	22,000	22,000
Audit and review of compliance plan	3,553	3,449
	25,553	25,449

The auditor of the Trust is Crowe Sydney.

The compliance plan auditor of the Trust is Ernst & Young.

Notes to the Financial Statements

10. Cash and Cash Equivalents

- (a) Cash and cash equivalents include cash on hand, cash at banks net of outstanding overdrafts, cash balances held with brokers and cash held in the One Cash Management Fund ("OCMF"), which is redeemable on a daily basis. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	31 December 2019	31 December 2018
	\$	\$
Cash at banks	428,241	270,424
OCMF	185,735	182,066
	613,976	452,490

- (b) Reconciliation of decrease in net assets attributable to unitholders for the year to net cash provided by operating activities:

	Year ended 31 December 2019	Year ended 31 December 2018
	\$	\$
Decrease in net assets attributable to unitholders	(972,613)	(386,339)
Net losses on assets held at fair value through profit or loss	716,323	44,823
Proceeds from sale of financial assets held at fair value through profit or loss	398,586	828,353
Change in assets and liabilities:		
(Increase)/decrease in other assets	(45)	1,398
Increase/(decrease) in trade and other payables	19,235	(17,946)
Net cash generated from operating activities	161,486	470,289

11. Financial Risk Management Objectives and Policies

Risks arising from holding financial instruments are inherent in the Trust's activities. These risks are managed through a process of ongoing identification, measurement and monitoring. The Trust is exposed to credit risk, liquidity risk and market risk.

Financial instruments of the Trust comprise investments in financial assets and liabilities held for the purpose of generating a return on the investment made by unitholders. In addition, the Trust also holds derivatives, cash and cash equivalents, and other financial instruments such as trade debtors and creditors, which arise directly from the operations of the Trust. The responsibility for identifying and controlling the risks that arise from these instruments is that of the Responsible Entity of the Trust.

The method used to measure the risks reflects the expected impact on the performance of the Trust as well as the assets attributable to unitholders of the Trust resulting from reasonably possible changes in the relevant risk variables. Information regarding the Trust's risk exposure is prepared and monitored by the Responsible Entity against established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Trust as well as the level of risk the Trust is willing to accept. Information about these risk exposures at reporting date is disclosed below.

a) Credit risk

Credit risk is the risk that a counter party will fail to perform contractual obligations, either in whole or in part, under a contract and cause the Trust to incur a financial loss.

Notes to the Financial Statements

11. Financial Risk Management Objectives and Policies (continued)**a) Credit risk(continued)**

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. This risk may be minimised by:

- ensuring counterparties, together with the respective credit limits are approved;
- ensuring that the transactions are undertaken with a large number of counterparties; and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Statement of Financial Position.

Further, the Trust has credit risk exposure to the U.S geographical region and the financial services industry only. The Trust's maximum credit exposure for the year ended 31 December 2019 is \$743,752 (2018: \$1,697,130).

The credit risk associated to the Trust's investment in OCMF is mitigated on the basis that OCMF only holds deposits with Australian Banks.

b) Market risk

Market risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in the fair value of a financial asset. These fluctuations can be due to changes in market variables such as interest rates. Market risk is minimised by ensuring that all investment activities are undertaken in accordance with agreed investment and leverage guidelines, and meet the manager's selection, analysis and due diligence criteria.

i) Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust has exposure to foreign currency risk implicit in the value of the Underlying Investment Portfolio denominated in a foreign currency, and transactional exposure arising from planned purchases or sales of securities.

The portfolio held by EAIT is denominated in USD. In addition, the portfolio is not hedged and ultimate realisations of assets denominated in foreign currencies will be subject to exchange rate movements.

The following table indicates the currencies to which the Trust had significant exposure quoted in AUD equivalents:

31 December 2019

	AUD \$	USD \$	Total \$
Assets			
Cash and cash equivalents	428,241	185,735	613,976
Other assets	10,959	118,817	129,776
Total assets	439,200	304,552	743,752
Liabilities			
Management fees payable	7,169	-	7,169
Administrative fees payable	7,929	-	7,929
Professional fees payable	26,950	-	26,950
Other payables	64,967	-	64,967
Total liabilities (excluding net assets attributable to unitholders)	107,015	-	107,015
Net assets attributable to unitholders	332,185	304,552	636,737
Total foreign currency exposure	-	304,552	304,552
Net foreign currency exposure	-	304,552	304,552

Notes to the Financial Statements

11. Financial Risk Management Objectives and Policies (continued)

*b) Market risk (continued)**i) Currency risk (continued)*

31 December 2018

	AUD \$	USD \$	Total \$
Assets			
Cash and cash equivalents	279,748	172,742	452,490
Financial assets held at fair value through profit or loss	11,301	1,173,617	1,184,918
Other assets	8,735	50,987	59,722
Total assets	299,784	1,397,346	1,697,130
Liabilities			
Management fees payable	6,064	-	6,064
Administrative fees payable	7,929	-	7,929
Professional fees payable	24,365	-	24,365
Other payables	35,748	13,674	49,422
Total liabilities (excluding net assets attributable to unitholders)	74,106	13,674	87,780
Net assets attributable to unitholders	225,678	1,383,672	1,609,350
Total foreign currency exposure	-	1,383,672	1,383,672
Net foreign currency exposure	-	1,383,672	1,383,672

The following table demonstrates the sensitivity of the Trust's Statement of Profit or Loss and Other Comprehensive Income to a reasonable change in foreign exchange rates, with all other variables held constant.

Index	Change in foreign exchange rate	Effect on net profit attributable to unitholders \$
Year ended 31 December 2019		
USD/AUD	20%/(20%)	60,910/(60,910)
Year ended 31 December 2018		
USD/AUD	20%/(20%)	276,734/(276,734)

Notes to the Financial Statements

11. Financial Risk Management Objectives and Policies (continued)

b) Market risk (continued)

ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Trust's exposure to interest rate risk is set out in the following table:

	Floating interest rate \$	Non-interest bearing \$	Total \$
31 December 2019			
Assets			
Cash and cash equivalents	613,976	-	613,976
Other assets	-	129,776	129,776
Total assets	613,976	129,776	743,752
Liabilities			
Management fees payable	-	7,169	7,169
Administrative fees payable	-	7,929	7,929
Professional fees payable	-	26,950	26,950
Other payables	-	64,967	64,967
Total liabilities (excluding net assets attributable to unitholders)	-	107,015	107,015
Net exposure	613,976	22,761	636,737
31 December 2018			
Assets			
Cash and cash equivalents	452,490	-	452,490
Financial assets held at fair value through profit or loss	-	1,184,918	1,184,918
Other assets	-	59,722	59,722
Total assets	452,490	1,244,640	1,697,130
Liabilities			
Management fees payable	-	6,064	6,064
Administrative fees payable	-	7,929	7,929
Professional fees payable	-	24,365	24,365
Other payables	-	49,422	49,422
Total liabilities (excluding net assets attributable to unitholders)	-	87,780	87,780
Net exposure	452,490	1,156,860	1,609,350

Notes to the Financial Statements

11. Financial Risk Management Objectives and Policies (continued)

*b) Market risk (continued)**ii) Interest rate risk (continued)*

The following table demonstrates the sensitivity of the Trust's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income to a reasonable change in interest rates, with all other variables constant. The 25 basis point sensitivity is based on the volatility of change in the AUD cash interest rate over the last 10 years:

	Change in basis points increase/(decrease)	Sensitivity of interest income/expense to increase/(decrease) in interest rate	Sensitivity of changes in fair value of financial assets/liabilities
Year ended 31 December 2019			
AUD interest rate	25bp/(25bp)	1,535/(1,535)	-
Year ended 31 December 2018			
AUD interest rate	25bp/(25bp)	1,131/(1,131)	-

iii) Price risk

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The Trust is not directly correlated with any particular stock market indices. Price risk is managed by monitoring compliance with established investment mandate limits. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As at 31 December 2019, a positive 10% sensitivity on the underlying investment portfolio would have had an impact in the Trust's Statement of Profit and Loss and Other Comprehensive Income and net assets attributable to unitholders of \$nil (2018: \$118,492). A negative sensitivity would have an equal but opposite impact.

c) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in raising funds to meet commitments associated with financial instruments. The investments of the Trust may experience limited or no liquidity and therefore an investment in the Trust should be regarded as an illiquid investment involving a high degree of liquidity risk. Some of the Trust's investments may be highly illiquid. In addition, in the case of unlisted securities, there is no established secondary market for those investments and realisation of those assets may take a considerable amount of time.

In order to control the liquidity risk associated with its investments, the Trust conducts its investing activities in accordance with agreed guidelines and leverage ratios to ensure a minimal concentration of risk.

Maturity Analysis for Financial Liabilities

Financial liabilities of the Trust comprise trade and other payables and net assets attributable to unitholders. Trade and other payables have no contractual maturities but are typically settled within 30 days.

Unitholders may ask to have their units redeemed at any time, but there is no obligation for the Responsible Entity to satisfy the request. The directors have determined that it would be in the best interests of all unitholders to refuse applications and redemption requests until further notice. This, in addition to the decision to undertake an orderly wind down of the assets of the Trust result in the net assets attributable to unitholders to be classified as settling in more than 12 months.

The amounts in the table are the contractual undiscounted cash flows. Balances due equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements

11. Financial Risk Management Objectives and Policies (continued)

c) Liquidity risk (continued)

Maturity Analysis for Financial Liabilities (continued)

The following table shows the maturity analysis of the Trust's liabilities.

	31 December 2019						Total
	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	
Liabilities	\$	\$	\$	\$	\$	\$	\$
Management fees payable	-	-	7,169	-	-	-	7,169
Administrative fees payable	-	7,929	-	-	-	-	7,929
Professional fees payable	-	-	26,950	-	-	-	26,950
Other payables	-	-	64,967	-	-	-	64,967
Net assets attributable to unitholders	-	-	-	-	636,737	-	636,737
Total liabilities	-	7,929	99,086	-	636,737	-	743,752

	31 December 2018						Total
	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	
Liabilities	\$	\$	\$	\$	\$	\$	\$
Management fees payable	-	-	6,064	-	-	-	6,064
Administrative fees payable	-	7,929	-	-	-	-	7,929
Professional fees payable	-	-	24,365	-	-	-	24,365
Other payables	-	-	49,422	-	-	-	49,422
Net assets attributable to unitholders	-	-	-	-	-	1,609,350	1,609,350
Total liabilities	-	7,929	79,851	-	-	1,609,350	1,697,130

12. Related Party Transactions

a) Responsible Entity's and Custody fee

In accordance with the Trust's Constitution, the Responsible Entity receives a total fee of 1.25% per annum on the Trust's assets, (exclusive of GST), net of tax credits available to the Trust.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity have been disclosed in note 5.

In addition, OMIFL was also responsible for the custody of the Trust's assets. During the year ended 31 December 2019, the Trust paid \$7,688 (2018: \$12,197) to OMIFL for custody services provided. As at 31 December 2019, \$2,062 was payable (2018: \$2,062) to OMIFL for custody services provided.

Other fees paid to related parties

The Responsible Entity has appointed third party service providers to the Trust, some of whom are related parties of the Responsible Entity. One Registry Services Pty Ltd ("ORS"), a subsidiary of One Investment Group ("OIG"), provided registry services. Total fees paid or payable to ORS for the year were \$20,353 (31 December 2018: \$27,934) of which \$18,911 (31 December 2018: \$8,126) was payable at year-end.

Notes to the Financial Statements

12. Related Party Transactions (continued)

b) Investments in Unlisted Funds where members of OIG act as Trustee

The Trust held three unlisted investments issued by members of OIG:

1. One HF Trust ("OHFT") – OMIFL is the trustee of this trust. The purpose of OHFT was to help facilitate the unwind of the Swap. Where the underlying investments cannot be divided, OHFT will hold the assets on behalf of the Trust and Alternative Investment Trust on an agreed unit split. The Trust owns 27.07% of OHFT. Fees paid or payable to OMIFL as trustee for the year were \$1,801 (2018: \$2,181). The value of the units in OHFT held by the Trust at 31 December 2019 is \$nil (2018: \$3,174).
2. EAIT Sub-Trust No.1 ("EAITST") – One Funds Management Limited ("OFML") was the trustee of EAITST, OFML is a subsidiary of OIG and EAITST is a wholly owned sub-trust of the Trust. The purpose of EAITST is to help facilitate the unwind of the Swap. Fees paid or payable to OFML as trustee for the year were \$4,009 (2018: \$4,284). The value of the units in EAITST held by the Trust at 31 December 2019 is \$nil (2018: \$8,127).

Both of the abovementioned trusts pay fees to ORS for the provision of registry services. Total fees paid or payable to ORS for the year were \$2,988 (31 December 2018: \$4,150).

3. The Trust has invested units valued at \$185,735 (2018: \$182,066) in the One Cash Management Fund ("OCMF") as at 31 December 2019. The trustee of OCMF is One Investment Management Pty Ltd ("OIMPL"), an authorised representative of OMIFL. OIMPL and OMIFL are subsidiaries of OIG. This investment has enabled the Trust to improve its return on cash held. The investment has been included in cash and cash equivalents as it is redeemable daily.

OCMF charges a management fee to its unitholders at a rate of 0.50% per annum on gross assets in the fund. Management fees paid by the Trust to OCMF for the year ended 31 December 2019 were \$1,009 (31 December 2018: \$1,082).

c) Investments by unlisted funds where OMIFL is Trustee

OMIFL is trustee for the Everest Global Growth Fund ("EGGF"). During the year EGGF transferred all of its units in EAIT and had nil holding as at 31 December 2019 (2018:nil).

During the financial year ended 31 December 2019, return of capital amounting to \$nil (2018: \$33,331) were paid by EAIT to EGGF.

During the financial year ended 31 December 2019, distributions of \$nil were paid to EGGF (2018: \$nil).

13. Indemnities

The Trust enters into contracts that contain a variety of indemnifications. The Trust's maximum exposure under these arrangements is unknown. However, the Trust has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

14. Commitments and Contingencies

There are no commitments or contingencies as at 31 December 2019 (2018: \$ nil).

15. Subsequent Events

There has not been any matter or circumstances occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.