

**Strategic Global Fund**

**ARSN 613 886 392**

Annual financial report for the year ended 30 June 2020

## **Index to the Financial Statements**

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Directors' Declaration	5
Independent Auditor's Report	6
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020	9
Statement of Financial Position as at 30 June 2020	10
Statement of Changes in Equity for the year ended 30 June 2020	11
Statement of Cash Flows for the year ended 30 June 2020	12

## **Notes to the Financial Statements**

1. General Information	13
2. Adoption of New and Revised Accounting Standards	13
3. Significant Accounting Policies	14
4. Financial Risk Management	18
5. Investments in Financial Instruments	24
6. Net Gains /(Losses) on Financial Instruments at Fair Value through Profit or Loss	25
7. Net Assets Attributable to Unitholders	26
8. Distributions to Unitholders	26
9. Other Assets	26
10. Cash and Cash Equivalents	27
11. Auditor's Remuneration	27
12. Related Party Transactions	28
13. Commitments and Contingencies	29
14. Subsequent Events	29

## 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 Strategic Global Fund (ARSN 613 886 392) (the "Fund"), submit their report together with the financial statements for the Fund for the year ended 30 June 2020.

### Responsible Entity

The responsible entity of the Fund is OMIFL.

The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

### Investment Manager

The investment manager of the Fund is JBS Investments Australia Holding Pty Ltd (ACN 146 553 648) (AFSL 401 869) ("Investment Manager").

The principal place of business of the Investment Manager is Level 9, 37 Bligh Street, Sydney NSW 2000.

### Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity, during the financial period and up to the date of this report are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Justin Epstein	Non-executive Director (resigned as a director on 1 October 2019)
Michael Sutherland	Executive Director (appointed as a director on 1 October 2019)

### Principal Activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 3 August 2016, registered as a managed investment scheme on 4 August 2016 and commenced operations on 8 November 2016.

The principal activity of the Fund during the period was to invest in accordance with the provisions of the Fund's Constitution, dated 3 August 2016, as amended from time to time, and the most recent Product Disclosure Statement dated 27 June 2019.

The Fund's investment objective is to invest globally in strong businesses with sustainable competitive advantages, invest opportunistically in situations that are in transition, concentrate the portfolio in a limited number of investments and to maintain a long term investment horizon.

The Fund did not have any employees during the period.

### Review of Operations

#### Results

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The net loss attributable to unitholders for the year ended 30 June 2020 was \$3,736,722 (2019: loss of \$479,263).

#### Distributions

No distributions were declared during the financial period to 30 June 2020 (2019: \$22,591).

## **Directors' Report (continued)**

### **Review of Operations (continued)**

#### ***Value of Assets and Units Issued***

The total value of the Fund's assets at 30 June 2020 was \$15,007,192 (2019: \$16,080,169). The total number of units on issue as at 30 June 2020 was 17,048,710 (2019: 14,450,058).

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the financial year and as at 30 June 2020.

#### ***Significant Changes in State of Affairs***

There were no significant changes in the state of affairs in the Fund during the year ended 30 June 2020.

#### ***Subsequent Events***

There has been no matter or circumstances occurring subsequent to the end of the year that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

#### ***Likely Developments and Expected Results of Operations***

The Fund will continue to be managed in accordance with the Constitution and investment objectives as detailed in its most recent Product Disclosure Statement dated 27 June 2019.

#### ***COVID-19***

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 19. The World Health Organisation declared a global pandemic in March 2020 and as at 30 June 2020, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their trustees and managers, both directly and indirectly.

As this situation is continuing, the Investment Manager has been monitoring both the valuation of the Fund's assets and the Fund's liquidity and is in close contact with service providers in assessing the ongoing operations, liquidity and the basis of the values and estimates reported. In these circumstances, there is uncertainty around valuations. The Investment Manager will continue to closely monitor market situations to ensure that valuations remain appropriate. The Investment Manager will provide resources and updates where necessary to provide informed guidance for unitholders during this continuing environment.

#### ***Environmental Regulation and Performance***

The operations of the Fund 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 Fund.

#### ***Indemnification of Directors, Officers and Auditors***

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition, the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

#### ***Auditor***

Crowe Sydney was appointed as auditor of the Fund and continues in that office in accordance with Section 327 of the *Corporations Act 2001*.

## 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 4.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

24 September 2020

24 September 2020

The Directors  
One Managed Investment Funds Limited  
as the Responsible Entity of Strategic Global Fund  
Level 16, Governor Macquarie Tower,  
1 Farrer Place  
Sydney NSW 2000

Dear Directors

## Strategic Global Fund

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 Strategic Global Fund for the financial year ended 30 June 2020, 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.

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, including:
- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - giving a true and fair view of the Fund's financial position as at 30 June 2020 and its performance for the financial period ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) The financial statements are in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board, as noted in note 3(a).

Signed in accordance with a resolution of the directors of the Responsible Entity.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

24 September 2020

## Independent Auditor's Report to the Unitholders of Strategic Global Fund

### Opinion

We have audited the financial report of Strategic Global Fund (the Fund), which comprises the statement of financial position as at 30 June 2020, 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 Fund is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

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.

© 2020 Findex (Aust) Pty Ltd.

## Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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

24 September 2020  
Sydney

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Note	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
<b>Income</b>			
Net losses on financial assets held at fair value through profit or loss	6	(3,212,379)	(245,953)
Dividend income		125,070	181,137
Interest income		41,766	146,376
<b>Total income</b>		<b>(3,045,543)</b>	<b>81,560</b>
<b>Expenses</b>			
Management fees		314,796	305,334
Performance fees		208,077	-
Admin fees		23,596	22,805
Other expenses		144,710	232,684
<b>Total expenses</b>		<b>691,179</b>	<b>560,823</b>
<b>Loss for the year</b>		<b>(3,736,722)</b>	<b>(479,263)</b>
<b>Comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(3,736,722)</b>	<b>(479,263)</b>

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 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
<b>Assets</b>			
Cash and cash equivalents	10 (a)	2,989,300	8,582,436
Other assets	9	35,394	98,498
Financial assets at fair value through profit or loss	5	15,002,631	14,635,318
<b>Total assets</b>		<b>18,027,325</b>	<b>23,316,252</b>
<b>Liabilities</b>			
Broker facility	10 (a)	2,858,879	7,164,640
Management fees payable		25,436	31,215
Admin fees payable		1,871	2,041
Redemptions payable		132,000	-
Interest payable		1,947	15,596
Distribution payable	8	-	22,591
<b>Total liabilities</b>		<b>3,020,133</b>	<b>7,236,083</b>
<b>Net assets attributable to unitholders - equity</b>	7	<b>15,007,192</b>	<b>16,080,169</b>

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

## Statement of Changes in Equity for the year ended 30 June 2020

	Note	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
<b>Total equity at the beginning of the year</b>		<b>16,080,169</b>	-
Reclassification due to Attribution Managed Investment Trust regime implementation		-	17,476,761
<b>Comprehensive income for the year</b>			
Loss for the year		(3,736,722)	(479,263)
<b>Total comprehensive (loss)</b>		<b>(3,736,722)</b>	<b>(479,263)</b>
<b>Transactions with unitholders</b>			
Applications	7	4,415,628	2,088,330
Redemptions	7	(1,774,045)	(2,983,068)
Units issued upon reinvestment of distributions	7	22,162	-
Distributions paid and payable	7	-	(22,591)
<b>Transactions with owners in their capacity as equity holders</b>		<b>2,663,745</b>	<b>(917,329)</b>
<b>Total equity at the end of the financial year</b>	7	<b>15,007,192</b>	<b>16,080,169</b>

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

## Statement of Cash Flows for the year ended 30 June 2020

	Note	Year ended 30 June 2020	Year ended 30 June 2019
		\$	\$
<b>Cash flows from operating activities</b>			
Net receipts/(payments) from purchase and sale of financial instruments held at fair value through profit or loss		(2,590,184)	120,929
Interest received/paid		(87,023)	(39,779)
Dividends/distributions received		167,066	117,921
Management fees paid		(320,575)	(316,572)
Performance fees paid		(208,077)	(144,544)
Other expenses paid		(32,228)	(22,177)
<b>Net cash (used in) operating activities</b>	10 (b)	<b>(3,071,021)</b>	<b>(284,222)</b>
<b>Cash flows from financing activities</b>			
Proceeds from unitholder applications		4,415,628	2,088,330
Payments for unitholder redemptions		(1,642,045)	(2,983,068)
Distributions paid to unitholders		(429)	-
<b>Net cash provided/(used by) financing activities</b>		<b>2,773,154</b>	<b>(894,738)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(297,867)</b>	<b>(1,178,960)</b>
Cash and cash equivalents at the beginning of the year		1,417,796	2,887,177
Effect of foreign currency exchange rate changes on cash and cash equivalents		(989,508)	(290,421)
<b>Cash and cash equivalents at the end of the year</b>	10 (a)	<b>130,421</b>	<b>1,417,796</b>

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

## Notes to the Financial Statements

### 1. General Information

These financial statements cover the Strategic Global Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme, and was constituted on 3 August 2016, registered as a managed investment scheme on 4 August 2016 and commenced operations on 8 November 2016.

The responsible entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) (the "Responsible Entity"). The Responsible Entity's registered office is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

The investment manager of the Fund is JBS Investments Australia Holding Pty Ltd (ACN 146 553 648) ("Investment Manager").

The Fund typically invests in a concentrated portfolio of a limited number of investments.

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 2019. The World Health Organisation declared a global pandemic in March 2020 and as at the date of this Annual Report, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their trustees and managers, both directly and indirectly.

As this situation is continuing, the Investment Manager has been monitoring both the valuation of the Fund's assets and the Fund's liquidity and is in close contact with service providers in assessing the ongoing operations, liquidity and the basis of the values and estimates reported. In these circumstances, there is uncertainty around valuations. The Investment Manager will continue to closely monitor market situations to ensure that valuations remain appropriate. The Investment Manager will provide resources and updates where necessary to provide informed guidance for unitholders during this continuing environment.

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

### 2. 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.

## Notes to the Financial Statements

### 3. Significant Accounting Policies

#### *a) Statement of Compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001*, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board and the Fund's Constitution.

Compliance with Australian Accounting Standards, as issued by the 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"). Consequently, these financial statements have been prepared in accordance with and comply with IFRS as issued by the IASB.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements, as issued by the IASB. These policies have been consistently applied unless otherwise stated in the following text.

#### *b) Basis of preparation*

This general purpose financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The Fund is a for-profit entity for the purpose of preparing the financial statements.

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 Fund manages 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 balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder'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 12 months cannot be reliably determined.

All amounts are presented in Australian dollars as the functional and presentational currency of the Fund.

#### *c) Going concern basis*

The financial report has been prepared on a going concern basis.

#### *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 Fund and the revenue can be reliably measured. Changes in fair value of financial assets and liabilities are recognised in profit or loss in the year in which the changes occur.

##### **Distributions**

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

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### *d) Revenue and income recognition (continued)*

##### **Dividends**

Dividend income is recognised on the ex-dividend date.

##### **Interest income**

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

#### *e) Expenses*

All expenses are recognised in Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

#### *f) Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks, cash balances at bank held with Interactive Broker and broker facility.

#### *g) Investments in financial instruments*

Investments in financial instruments 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.

##### **(i) Classification**

The Fund's investments are categorised at fair value through profit or loss. They comprise financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in equity and debt securities.

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

##### **(ii) Recognition/derecognition**

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

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

##### **(iii) Measurement**

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

At initial recognition, the Fund measures a financial asset or liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other 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 Statement of Profit or Loss and Other Comprehensive Income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

**Notes to the Financial Statements****3. Significant Accounting Policies (continued)****g) Investments in financial instruments (continued)****(iii) Measurement (continued)*****Financial assets and liabilities at fair value through profit or loss (continued)***

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

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Fund is the current close price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

***h) Taxation***

Under the current tax legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

***i) Distributions***

Under the AMIT regime, the Responsible Entity is no longer contractually obligated to pay distributions. The Responsible Entity will attribute the Fund's income to unitholders on a fair and reasonable basis, however, the Responsible Entity will not have a requirement under the Fund Constitution to distribute Trust income to unitholders. Any subsequent distribution will be recognised in the Statement of Changes in Equity.

***j) Foreign currency transactions***

The functional and presentation currency for the Fund 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.

***k) Payables***

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

**Notes to the Financial Statements****3. Significant Accounting Policies (continued)*****l) Receivables***

Receivables may include amounts for dividends, interest, and securities sold where settlement has not yet occurred. Dividends are accrued when the right to receive payment is established. Interest is accrued in accordance with the method outlined in Note 3(d). Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund 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 Fund 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.

***m) Applications and redemptions***

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

***n) Net assets attributable to unitholders***

Units are redeemable at the unitholders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

Units are classified as equity when they satisfy the following criteria under AASB 132 *“Financial instruments: Presentation”*:

- The puttable financial instrument entitled the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- The puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- The puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instrument; and
- The total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

From 1 July 2018, the Fund's units have been reclassified from financial liability to equity as they satisfied all the above criteria.

## Notes to the Financial Statements

**3. Significant Accounting Policies (continued)*****o) Critical accounting judgements and key sources of estimation uncertainty***

Management has adhered to the Fund's unit pricing policy which sets out the basis upon which the units of the Fund have been valued, a copy of which is available upon request.

For all of the Fund's financial instruments, quoted market prices are readily available. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

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 Note 5 of these financial statements.

***p) 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.

**4. Financial Risk Management**

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions.

The management of these risks is carried out by the Investment Manager under policies approved by the Directors of the responsible entity. The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

***a) Credit risk***

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables.

## Notes to the Financial Statements

**4. Financial Risk Management****a) Credit risk (continued)**

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit position on an ongoing basis.

Concentrations of credit risk are minimised primarily by:

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

There were no significant concentrations of credit risk to counterparties at 30 June 2020. The Fund only has a material credit risk exposure to the banks that holds the cash balances at 30 June 2020. Credit risk is mitigated by the Fund by investing their cash through major Australian Banks.

The following table details the breakdown by credit rating of cash and cash equivalents (net of broker facility) held by the Fund:

	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
AA-	32,486	90,246
A+	97,935	1,327,550
	<b>130,421</b>	<b>1,417,796</b>

**(i) Settlement of securities transactions**

All transactions in listed securities are settled/paid for upon delivery using Interactive Broker. Note, the Fund may also participate in Initial Public Offerings (IPO's) outside of Interactive Broker. These transactions are settled directly with the lead broker on the offer. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase orders on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

**b) Market risk**

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices liquidity. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

**c) Currency risk**

The Fund operates internationally and holds monetary assets denominated in currencies other than the Australian dollar.

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

## Notes to the Financial Statements

## 4. Financial Risk Management (continued)

## c) Currency risk (continued)

The table below summarises the Fund's exposure to foreign currencies:

	AUD	HKD	USD	JPY	GBP	EUR	Total
	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$
<b>30 June 2020</b>							
<b>Assets</b>							
Cash and cash equivalents	722,018	-	2,267,282	-	-	-	2,989,300
Other assets	35,394	-	-	-	-	-	35,394
Financial assets held at fair value through profit or loss	1,152,622	64,007	11,663,059	1,049,154	-	1,073,789	15,002,631
<b>Total assets</b>	<b>1,910,034</b>	<b>64,007</b>	<b>13,930,341</b>	<b>1,049,154</b>	<b>-</b>	<b>1,073,789</b>	<b>18,027,325</b>
<b>Liabilities</b>							
Broker facility	-	-	(36,221)	-	(293,764)	(2,528,894)	(2,858,879)
Management fees payable	(25,436)	-	-	-	-	-	(25,436)
Admin fees payable	(1,871)	-	-	-	-	-	(1,871)
Interest payable	-	-	-	-	(292)	(1,655)	(1,947)
Redemptions payable	(132,000)	-	-	-	-	-	(132,000)
<b>Total liabilities</b>	<b>(159,307)</b>	<b>-</b>	<b>(36,221)</b>	<b>-</b>	<b>(294,056)</b>	<b>(2,530,549)</b>	<b>(3,020,133)</b>
<b>Net currency exposure</b>	<b>1,750,727</b>	<b>64,007</b>	<b>13,894,120</b>	<b>1,049,154</b>	<b>(294,056)</b>	<b>(1,456,760)</b>	<b>15,007,192</b>
<b>30 June 2019</b>							
<b>Assets</b>							
Cash and cash equivalents	8,582,436	-	-	-	-	-	8,582,436
Other assets	98,498	-	-	-	-	-	98,498
Financial assets held at fair value through profit or loss	100,000	1,441,099	13,094,219	-	-	-	14,635,318
<b>Total assets</b>	<b>8,780,934</b>	<b>1,441,099</b>	<b>13,094,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,316,252</b>
<b>Liabilities</b>							
Broker facility	-	-	(5,487,156)	-	(40,987)	(1,636,497)	(7,164,640)
Management fees payable	(31,215)	-	-	-	-	-	(31,215)
Admin fees payable	(2,041)	-	-	-	-	-	(2,041)
Coupon interest payable	-	-	(14,249)	-	(64)	(1,283)	(15,596)
Distribution payable	(22,591)	-	-	-	-	-	(22,591)
<b>Total liabilities</b>	<b>(55,847)</b>	<b>-</b>	<b>(5,501,405)</b>	<b>-</b>	<b>(41,051)</b>	<b>(1,637,780)</b>	<b>(7,236,083)</b>
<b>Net currency exposure</b>	<b>8,725,087</b>	<b>1,441,099</b>	<b>7,592,814</b>	<b>-</b>	<b>(41,051)</b>	<b>(1,637,780)</b>	<b>16,080,169</b>

## Notes to the Financial Statements

## 4. Financial Risk Management (continued)

## c) Currency risk (continued)

The following table demonstrates the sensitivity of the Fund's net profit and net assets to a reasonable change in foreign exchange rates, with all other variables held constant.

	Change in foreign exchange rate increase/(decrease)	Effect on net profit and net assets attributable to unitholders
Year ended 30 June 2020	10%/(10%)	1,325,647/(1,325,647)
Year ended 30 June 2019	10%/(10%)	735,508/(735,508)

## d) 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 Fund's exposure to interest rate risk is set out in the following table:

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2020</b>				
<b>Assets</b>				
Cash and cash equivalents	2,989,300	-	-	2,989,300
Other assets	-	-	35,394	35,394
Financial assets held at fair value through profit or loss	-	81,517	14,921,114	15,002,631
<b>Total assets</b>	<b>2,989,300</b>	<b>81,517</b>	<b>14,956,508</b>	<b>18,027,325</b>
<b>Liabilities</b>				
Broker facility	2,858,879	-	-	2,858,879
Management fees payable	-	-	25,436	25,436
Administration fees payable	-	-	1,871	1,871
Coupon interest payable	-	-	1,947	1,947
Redemptions payable	-	-	132,000	132,000
<b>Total liabilities</b>	<b>2,858,879</b>	<b>-</b>	<b>161,254</b>	<b>3,020,133</b>
<b>30 June 2019</b>				
<b>Assets</b>				
Cash and cash equivalents	8,582,436	-	-	8,582,436
Other assets	-	-	98,498	98,498
Financial assets held at fair value through profit or loss	-	-	14,635,318	14,635,318
<b>Total assets</b>	<b>8,582,436</b>	<b>-</b>	<b>14,733,816</b>	<b>23,316,252</b>
<b>Liabilities</b>				
Broker facility	7,164,640	-	-	7,164,640
Management fees payable	-	-	31,215	31,215
Administration fees payable	-	-	2,041	2,041
Performance fees payable	-	-	15,596	15,596
Interest payable	-	-	22,591	22,591
<b>Total liabilities</b>	<b>7,164,640</b>	<b>-</b>	<b>71,443</b>	<b>7,236,083</b>

## Notes to the Financial Statements

## 4. Financial Risk Management (continued)

*d) Interest rate risk (continued)*

The following table demonstrates the sensitivity of the Fund's net assets attributable to unitholders and operating profit to a reasonable change in interest rates, with all other variables constant. The 25 basis point sensitivity is based on a reasonable volatility of change in the AUD cash interest rate over the coming year. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

		Change in basis points increase/(decrease)	Effect on operating profit and net assets attributable to unitholders (\$)
30 June 2020	AUD interest rate	25bp/(25bp)	326/(326)
30 June 2019	AUD interest rate	25bp/(25bp)	3,544/(3,544)

*e) Price risk*

The Fund is exposed to equity securities 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. 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.

The Fund typically invests in 7 to 30 high conviction investments. This means the Fund may invest a relatively high percentage of its assets in a limited number of stocks, or in stocks in a limited number of sectors or industries, which may cause the value of the Fund's investments to be more affected by any single adverse economic, political or regulatory event than its benchmark.

The Fund may be exposed to companies with smaller capitalisation. These companies may, from time to time and especially in falling markets, become less liquid and experience short-term price volatility. They may also be less financially secure than larger, more established companies, and depend on a smaller number of key personnel, which increases the risk of the company's failure if a product fails, management changes or if there are other adverse developments.

As at 30 June 2020 a positive 10% sensitivity would have had an impact on the Fund's operating profit and net assets attributable to unitholders of \$1,500,263 (2019: \$1,463,532). A negative sensitivity would have an equal but opposite impact.

*f) Liquidity risk*

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

In order to control the liquidity risk associated with its investments, the Fund conducts its investing activities in accordance with agreed guidelines.

The Fund may be exposed to monthly cash redemptions of its units. Its policy is therefore to hold investments that are traded in an active market and can be readily disposed.

The Fund's listed securities are considered readily realisable, as they are listed on global Stock Exchanges.

## Notes to the Financial Statements

## 4. Financial Risk Management (continued)

## f) Liquidity risk (continued)

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemption during the year ended 30 June 2020.

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2020 to the contractual maturity date. Units are redeemed on demand at the unitholder's option. However, the directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	30 June 2020						Total
	On demand	< 1 month	1-3 month	3-6 month	6-12 months	> 12 months	
Liabilities	\$	\$	\$	\$	\$	\$	\$
Broker facility	2,858,879	-	-	-	-	-	2,858,879
Management fees payable	-	25,436	-	-	-	-	25,436
Administration fees payable	-	1,871	-	-	-	-	1,871
Coupon interest payable	-	1,947	-	-	-	-	1,947
Redemptions payable	-	132,000	-	-	-	-	132,000
Net assets attributable to unitholders	15,007,192	-	-	-	-	-	15,007,192
<b>Total liabilities</b>	<b>17,866,071</b>	<b>161,254</b>	-	-	-	-	<b>18,027,325</b>

  

	30 June 2019						Total
	On demand	< 1 month	1-3 month	3-6 month	6-12 months	> 12 months	
Liabilities	\$	\$	\$	\$	\$	\$	\$
Broker facility	7,164,640	-	-	-	-	-	7,164,640
Management fees payable	-	31,215	-	-	-	-	31,215
Administration fees payable	-	2,041	-	-	-	-	2,041
Distributions payable	-	22,591	-	-	-	-	22,591
Coupon interest payable	-	15,596	-	-	-	-	15,596
Net assets attributable to unitholders	16,080,169	-	-	-	-	-	16,080,169
<b>Total liabilities</b>	<b>23,244,809</b>	<b>71,443</b>	-	-	-	-	<b>23,316,252</b>

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

## Notes to the Financial Statements

## 5. Investments in Financial Instruments

*a) Financial assets at fair value through profit or loss*

	30 June 2020	30 June 2019
	\$	\$
<b>Designated at fair value through profit or loss</b>		
Investments in listed securities	15,002,631	14,635,318
<b>Total financial assets held at fair value through profit or loss</b>	<b>15,002,631</b>	<b>14,635,318</b>

*b) Fair Value Hierarchy*

The Fund measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis. The Fund has no assets and 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 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).

## Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

## Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

## Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

## Notes to the Financial Statements

## 5. Investments in Financial Instruments (continued)

*b) Fair Value Hierarchy (continued)*

The following table shows an analysis of financial instruments held at 30 June 2020 and 30 June 2019 recorded at fair value and presented by level of the fair value hierarchy:

	30 June 2020			Total \$
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Investments in listed equity & bond securities	15,002,631	-	-	15,002,631
<b>Total financial assets at fair value through profit or loss</b>	<b>15,002,631</b>	<b>-</b>	<b>-</b>	<b>15,002,631</b>
	30 June 2019			Total \$
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Investments in listed equity securities	14,635,318	-	-	14,635,318
<b>Total financial assets at fair value through profit or loss</b>	<b>14,635,318</b>	<b>-</b>	<b>-</b>	<b>14,635,318</b>

**Transfer between levels**

There have been no transfers between levels for the year ended 30 June 2020 (30 June 2019: Nil).

**Broker Facility**

Cash held at Interactive Broker is used for settlement of foreign exchange. The overall net balance at Interactive Broker is a positive balance as at 30 June 2020.

*c) Disclosed fair values*

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

## 6. Net Gains/(Losses) on Financial Instruments at Fair Value through Profit or Loss

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Unrealised loss on financial assets	(245,904)	(660,580)
Realised (loss)/gain on financial assets	(2,966,475)	414,627
<b>Net losses on financial assets at fair value through profit or loss</b>	<b>(3,212,379)</b>	<b>(245,953)</b>

## Notes to the Financial Statements

## 7. Net Assets Attributable to Unitholders

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

## Year ended 30 June 2020

	No. of Units	\$
Opening balance as at 1 July 2019	14,450,058	16,080,169
Applications for units by unitholders	4,198,508	4,415,628
Redemptions of units by unitholders	(1,619,773)	(1,774,045)
Reinvestments of units to unitholders	19,917	22,162
Loss for the year	-	(3,736,722)
<b>Closing balance as at 30 June 2020</b>	<b>17,048,710</b>	<b>15,007,192</b>

## Year ended 30 June 2019

	No. of Units	\$
Opening balance as at 1 July 2018	15,454,979	17,476,761
Applications for units by unitholders	1,964,055	2,088,330
Redemptions of units by unitholders	(2,968,976)	(2,983,068)
Distributions paid and payable to unitholders	-	(22,591)
Loss for the year	-	(479,263)
<b>Closing balance as at 30 June 2019</b>	<b>14,450,058</b>	<b>16,080,169</b>

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.

## 8. Distributions to Unitholders

No distributions were declared during the financial period to 30 June 2020 (2019: \$22,591). There were no distributions payable at 30 June 2020 (2019: \$22,591).

## 9. Other Assets

	30 June 2020	30 June 2019
	\$	\$
GST receivable	8,104	8,621
Interest receivable	-	6,171
Dividends receivable	27,290	83,706
<b>Total other assets</b>	<b>35,394</b>	<b>98,498</b>

## Notes to the Financial Statements

**10. Cash and Cash Equivalents**

**a)** Cash and cash equivalents include cash at banks (net of outstanding overdrafts) held at St George Bank and Interactive Broker. 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:

	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
St George	32,486	90,246
Interactive Broking - broker facility	2,956,814	8,492,190
Interactive Broking - broker facility	(2,858,879)	(7,164,640)
<b>Total cash and cash equivalents</b>	<b>130,421</b>	<b>1,417,796</b>

Interest is charged daily on the broker facility and paid out monthly.

**b)** Reconciliation of profit for the year to net cash flows used in operating activities:

	<b>Year ended</b>	<b>Year ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
(Loss) for the year	(3,736,722)	(479,263)
Net gains on financial assets at fair value through profit or loss	3,212,379	245,953
Net proceeds from purchase and sale of financial assets designated at fair value through profit or loss	(2,590,184)	120,929
Decrease/(increase) in other assets	63,104	(19,885)
(Decrease) in other payables	(19,598)	(151,956)
<b>Net cash (used in) operating activities</b>	<b>(3,071,021)</b>	<b>(284,222)</b>

**11. Auditor's Remuneration**

The auditor of the Fund is Crowe Sydney. Auditor's remuneration for the year ended 30 June 2020 will be paid out of the Management Fee:

	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
Audit of the financial statements	17,420	16,595

**Notes to the Financial Statements****12. Related Party Transactions**

The responsible entity of the Fund is OMIFL.

***a) Management fees paid and payable to the investment manager***

Management fees are the fees charged by the Investment Manager to provide investment management services to the Fund.

The Investment Manager charges 1.9065% per annum (inclusive of GST and less any reduced input tax credits) of the gross value of the Fund's assets. As at 30 June 2020, the management fees expenses incurred by the Fund were \$314,796 (2019: \$305,334) of which \$25,436 (2019: \$31,215) was payable at year end.

***b) Performance fees paid and payable to the investment manager***

Performance fees are fees payable to the Investment Manager when the Fund's return exceeds a return hurdle of 4.5% p.a. in each calculation period.

The Investment Manager charges 20.5% of the amount by which the Fund's returns (after fees and expenses but before taxes) exceed the return hurdle in each calculation period (inclusive of GST and less any reduced input tax credits). As at 30 June 2020, the performance fee incurred by the Fund was \$208,077 (2019: \$Nil) of which \$Nil (2019: \$Nil) was payable at year end.

***c) Administration fees paid and payable to the investment manager***

The Investment Manager charges 0.1435% per annum (inclusive of GST and less any reduced input tax credits) of the gross value of the Fund's assets (refer management fees and performance fees). As at 30 June 2020, the administration fees expenses incurred by the Fund were \$23,596 (2019: \$22,805) of which \$1,871 (2019: \$2,041) was payable at year end.

***(i) Other fees paid to related parties***

The Responsible Entity has appointed third party service providers to the Fund, some of whom are related parties of the Responsible Entity. The following entities, which are related parties of the Responsible Entity, have provided services to the Fund during the financial period ended 30 June 2020:

- One Registry Services Pty Limited (ACN 141 757 360) – unit registry services.

OMIFL also acts as custodian for the Fund and receives a fee for doing so.

None of the above has received any remuneration directly from the Fund in relation to these services and they are remunerated out of the management fee payable to the Investment Manager. To the extent there is a shortfall to these expenses, they will be paid by the Investment Manager. If the Investment Manager does not pay these fees, then the RE will take these fees from the Fund.

## Notes to the Financial Statements

**12. Related Party Transactions (continued)****d) Key management personnel****(i) Directors**

The key management personnel of the Responsible Entity, during the period and up to the date of this report are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Justin Epstein	Non-executive Director (resigned as a director on 1 October 2019)
Michael Sutherland	Executive Director (appointed as a director on 1 October 2019)

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the period and as at 30 June 2020 (30 June 2019: Nil).

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the period.

**Key Management Compensation**

Key management personnel of the Responsible Entity have not been compensated out of the Fund for the year ended 30 June 2020 (30 June 2019: Nil).

**(ii) Other Key Management Personnel**

The key management personnel of the Investment Manager at any time during the financial year are:

<b>Name</b>	<b>Title</b>
John Sampson	Chief Investment Officer
Dr Peter Smith	Chief Operating Officer

**(iii) Other Key Management Compensation**

Key management personnel of the Investment Manager have not been compensated out of the Fund for the year ended 30 June 2020 (30 June 2019: Nil).

**13. Commitments and Contingencies**

There are no commitments or contingencies as at 30 June 2020 (2019: Nil).

**14. Subsequent Events**

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