

# **Ellerston Global Equity Managers Fund**

ARSN 118 887 095

## **Financial Report For the year ended 30 June 2020**

## TABLE OF CONTENTS

	<b>Page</b>
Directors' Report. ....	1
Auditors' Independence Declaration.....	4
Independent Auditors' Report .....	5
Directors' Declaration.....	8
Statement of Comprehensive Income.....	9
Statement of Financial Position.....	10
Statement of Changes in Net Assets Attributable to Unitholders.....	11
Statement of Cash Flows.....	12
Notes to the Financial Statements.....	13

## DIRECTORS' REPORT

The Directors of Ellerston Capital Limited (ABN 34 110 397 674), ("Ellerston Capital", "Manager" or the "Responsible Entity"), the Responsible Entity of the Ellerston Global Equity Managers Fund (the "Fund"), present their report together with the annual financial statements of the Fund for the year ended 30 June 2020.

## DIRECTORS

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

Ashok Jacob (Chairman)  
Brian O'Sullivan  
Michael Johnston  
Guy Jalland  
Chris Kourtis

## PRINCIPAL ACTIVITIES

The principal activity of the Fund during the year was to invest funds in accordance with the provisions of the Fund's Constitution and current Product Disclosure Statement. There has been no significant changes in the nature of this activity during the year.

The Fund invests in a portfolio of global equities that may include financial products such as listed and unlisted shares, managed funds and derivatives.

## FUND INFORMATION

The Fund is an Australian registered scheme, and was constituted on 20 March 2006. The Fund will terminate on 19 March 2086 unless terminated earlier in accordance with the provisions of the Fund Constitution.

The Responsible Entity of Ellerston Global Equity Managers Fund is Ellerston Capital Limited (ABN 34 110 397 674, AFSL No. 283 000). The registered office and principal place of business of the Responsible Entity is Level 11, 179 Elizabeth Street, Sydney, NSW 2000.

## RESULTS

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

	2020 \$'000	2019 \$'000
Net operating profit/(loss) before finance costs	26,584	(30,448)

## DISTRIBUTIONS

There was \$23,078,512 distribution declared (2019: nil) and payable (2019: nil) by the Fund at the year end.

Distribution cents-per-unit (CPU) are:

	2020 CPU	2019 CPU
Class A	24.0854	-
Class B	23.3400	-
Class C	26.3898	-

## **DIRECTORS' REPORT (Continued)**

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund during the year.

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

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

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The Fund will maintain its investment strategy in accordance with its Constitution and will continue to pursue its investment objective as set out in its offer documents.

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

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### **ENVIRONMENTAL REGULATION**

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

### **RELEVANT INFORMATION**

Following is a list of relevant information required under the Corporations Act 2001:

- (i) Fees paid to the Responsible Entity – Refer Note 3 to the Financial Statements
- (ii) Unitholdings of related parties of the Responsible Entity in the Fund – Refer Note 9 to the Financial Statements
- (iii) Applications and Redemptions in the Fund during the year – Refer Note 7 to the Financial Statements
- (iii) The value of the Fund's assets and basis of valuation – Refer to Statement of financial position and Note 2 respectively
- (iv) The number of interests in the Fund as at 30 June 2020 – Refer Note 7 to the Financial Statements
- (v) Distributions payable to unitholders as at 30 June 2020 – Refer to Statement of financial position

## **DIRECTORS' REPORT (Continued)**

### **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Constitution of the Responsible Entity requires it to indemnify, to the extent permitted by the law, all current and former officers of the Responsible Entity against a liability incurred;

- a) In acting as an officer of the Responsible Entity;
- b) In acting as an officer of a subsidiary at the request of the Responsible Entity;
- c) For reasonable legal costs in defending an action for liability incurred in acting as an officer of the Responsible Entity or of a subsidiary at the request of the Responsible Entity.

During the financial year, insurance contracts were entered into to insure the Directors and officers against any liability incurred in their capacity as a Director or officer. The terms of the insurance contracts restrict disclosure of the nature of the liability and amount of the premium. Other than the constitutional provision described above, the Responsible Entity has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer of Ellerston Capital Limited or its related bodies corporate against a liability incurred.

### **INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Fund has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### **ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS**

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

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Directors of Ellerston Capital Limited.

On behalf of the Directors



**Brian O'Sullivan**  
Director

Sydney, 30 October 2020

## Auditor's Independence Declaration to the Directors of Ellerston Capital Limited as Responsible Entity for Ellerston Global Equity Managers Fund

As lead auditor for the audit of the financial report of Ellerston Global Equity Managers Fund for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rita Da Silva  
Partner  
30 October 2020



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## **Independent Auditor's Report to the Unitholders of Ellerston Global Equity Managers Fund**

### **Opinion**

We have audited the financial report of Ellerston Global Equity Managers Fund (the Fund), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report 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 ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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.

### **Emphasis of Matter – Impact of Coronavirus (COVID-19) Outbreak on Valuation of Unlisted Investments**

We draw attention to Note 6 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of unlisted investments and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, fair values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

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

The directors of Ellerston Capital Limited (the Responsible Entity) are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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 our audit.

Ernst & Young

Rita Da Silva  
Partner  
Sydney  
30 October 2020

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Ellerston Capital Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Fund are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
  - (ii) Complying with Australian Accounting Standards and *Corporations Regulations 2001*; and
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b).
- (c) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (d) The financial statements are in accordance with the provisions of the Fund's Constitution.

On behalf of the Board



**Brian O'Sullivan**  
Director

Sydney, 30 October 2020

**Statement of Comprehensive Income**  
**For the year ended 30 June 2020**

(Stated in Australian Dollars)	<i>Note</i>	2020 \$'000	2019 \$'000
<b>INCOME</b>			
Interest income		393	778
Dividend and trust distribution income		4,306	5,030
Net foreign exchange gains/(losses)		(2,533)	401
Net changes in fair value of financial assets and liabilities at fair value through profit or loss		29,633	(31,569)
Other income		300	432
<b>TOTAL NET INVESTMENT INCOME/(LOSS)</b>		<b>32,099</b>	<b>(24,928)</b>
<b>EXPENSES</b>			
Interest expense		551	829
Dividend expense		273	508
Manager fees	3	2,236	2,477
Performance fees	3	592	-
Administration expenses		263	280
Bank and broker expenses		1,342	1,034
Other expenses		258	392
<b>TOTAL OPERATING EXPENSES</b>		<b>5,515</b>	<b>5,520</b>
<b>NET OPERATING PROFIT/(LOSS) BEFORE FINANCE COSTS</b>		<b>26,584</b>	<b>(30,448)</b>
<b>FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS</b>			
Distributions to unitholders	4	(23,079)	-
Change in net assets attributable to unitholders		3,505	(30,448)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Statement of Financial Position  
As at 30 June 2020**

(Stated in Australian Dollars)	<i>Note</i>	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	11	22,435	30,173
Due from brokers	8	823	10,862
Receivables of interest income, dividends and trust distributions		812	115
Other receivables		413	449
Loan receivable	9(c)	-	1,000
Financial assets at fair value through profit or loss	5	166,485	126,784
<b>TOTAL ASSETS</b>		<b>190,968</b>	<b>169,383</b>
<b>LIABILITIES</b>			
Due to brokers	8	11,136	4,306
Management and performance fees payable	3	783	384
Administration fees payable		107	64
Interest and dividends payable		66	28
Distributions payable	4	23,079	-
Redemptions payable		746	2,626
Other payables		591	545
Financial liabilities at fair value through profit or loss	5	26,141	13,267
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>62,649</b>	<b>21,220</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>128,319</b>	<b>148,163</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Statement of Changes in Net Assets Attributable to Unitholders  
For the year ended 30 June 2020**

(Stated in Australian Dollars)	2020 \$'000	2019 \$'000
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		
Opening balance	148,163	170,141
Change in net assets attributable to unitholders	3,505	(30,448)
Applications	9,500	9,759
Redemptions	(32,849)	(21,120)
Units issued upon reinvestment of distributions	-	19,831
<b>Closing Balance</b>	<b>128,319</b>	<b>148,163</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Statement of Cash Flows**  
**For the year ended 30 June 2020**

(Stated in Australian Dollars)	Note	2020 \$'000	2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Purchase of investments		(440,464)	(246,534)
Sale of investments		461,138	283,331
Interest received		395	777
Dividend and trust distribution received		3,607	7,930
Net foreign exchange gains/(losses)		(2,533)	401
Other income		336	420
Interest and dividend paid		(786)	(1,536)
Performance fees paid		-	(155)
Manager fees paid		(2,429)	(2,333)
Administration fees paid		(220)	(259)
Other operating expenses paid		(1,552)	(1,227)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	11(b)	<b>17,492</b>	<b>40,815</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt from issue of units		9,500	9,759
Distribution paid		-	(2,725)
Payments for redemption of units		(34,730)	(19,910)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(25,230)</b>	<b>(12,876)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(7,738)</b>	<b>27,939</b>
Cash and cash equivalents at beginning of year		30,173	2,234
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	11(a)	<b>22,435</b>	<b>30,173</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**1. GENERAL INFORMATION**

Ellerston Global Equity Managers Fund (the "Fund") is an Australian registered fund, constituted on 20 March 2006. The Fund commenced operations on 1 May 2006. Ellerston Capital Limited is the Manager and Responsible Entity of the Fund and is incorporated and domiciled in Australia. The registered office and principal place of business of the Responsible Entity is located at Level 11, 179 Elizabeth Street, Sydney, New South Wales.

The Fund invests in a portfolio of global equities that may include financial products such as listed and unlisted shares, managed funds and derivatives in accordance with the provisions of the Fund's Constitution and current Product Disclosure Statement.

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. With its introduction, the Responsible Entity made an announcement in June 2017 to unitholders on the Fund's intention to elect into the AMIT regime from the financial year ended 30 June 2018 and for subsequent financial years. The Fund has determined that the net assets attributable to unitholders are classified as a financial liability on 30 June 2020 as they do not meet the criteria under AASB 132 to be classified as equity.

The financial report of the Fund has been authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 30 October 2020.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the Fund Constitution, the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

The financial report has been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

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, additional information regarding this is included in the relevant notes.

The financial report is prepared on a going concern basis and presented in Australian dollars. The Fund is a for-profit entity for the purpose of preparing financial statements.

**(b) Statement of compliance**

The financial report has been prepared in accordance with the Australian Accounting Standards as issued by the AASB and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

**(c) Basis of consolidation**

The Fund is an investment entity and, as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Changes in accounting standards**

The standards adopted in the preparation of these financial statements are consistent with those applied in the preparation of the Fund's financial statements for the year ended 30 June 2019, except for the adoption of new interpretation effective as at 1 July 2019 noted below:

*AASB Interpretation 23 Uncertainty over Income Tax Treatments*

AASB Interpretation 23 Uncertainty over Income Tax Treatments ("AASB Interpretation 23") clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, AASB Interpretation 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

AASB Interpretation 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The adoption of above amendment does not have any significant impact on the Fund's financial statements, as currently there is no uncertainty relating to any tax treatments.

**(e) Financial Instruments**

*(i) Recognition*

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

*(ii) Derecognition*

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

- (a) The rights to receive cash flows from the asset have expired; or
- (b) The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- (c) Either (1) the Fund has transferred substantially all the risks and rewards of the asset, or (2) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.



**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Financial Instruments (continued)**

*(iii) Classification and measurement*

The Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

**Financial assets**

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

*Financial assets measured at amortised cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables.

*Financial assets measured at fair value through profit or loss (FVPL)*

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding;
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The equity securities, listed unit trusts and listed hybrid securities are mandatorily classified as fair value through profit or loss.

In applying that classification, a financial asset or financial liability is considered to be held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Financial Instruments (continued)**

(iii) Classification and measurement (continued)

**Financial liabilities**

*Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category short-term payables.

*Financial liabilities measured at FVPL*

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. The Fund includes in this category listed equity securities – short, future and forward contracts - short and unlisted equity swap - short.

The equities and derivatives are mandatorily classified as fair value through profit or loss.

(iv) *Subsequent measurement*

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net changes in fair value of financial assets and liabilities at fair value through profit or loss'.

(v) *Impairment of Financial assets*

The Fund holds only cash and cash equivalents, receivables and due from brokers with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under AASB 9. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

**(f) Derivative financial instruments**

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Fund (the Fund does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Fund trades include futures, over-the-counter (OTC) options, exchange-traded options, forward contracts and contracts for differences.

The Fund uses derivative financial instruments to hedge its risks associated primarily with market and foreign currency fluctuations. Derivative financial instruments may also be used for trading purposes where the Responsible Entity believes this would be more effective than investing directly in the underlying financial instruments.

Derivatives often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying security of a derivative contract may have a significant impact on the profit or loss of the Fund.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Derivative financial instruments (continued)**

Derivatives do not qualify for hedge accounting and are classified as held for trading, with gains or losses arising from changes in fair value taken to Statement of Comprehensive Income for the year. The Fund holds the following derivative instruments:

*(i) Futures*

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

*(ii) Options*

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities prices. Options held by the Fund are exchange-traded and over the counter. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

*(iii) Forward currency contracts*

Forward currency contracts are primarily used by the Fund to hedge against foreign currency exchange risks on its non-Australian dollar denominated investments. A forward currency contract represents an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon changes in specified foreign exchange rates. The hedging effects of forward currency contracts on the Fund's foreign currency exposure are provided on Note 13.

**(g) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of financial position. As at the end of the year, the Fund has no financial assets or liabilities in the Statement of financial position which are presented on the net basis.

**(h) Cash and cash equivalents**

For the purpose of Statement of Financial Position and Statement of Cash Flows, cash comprises cash on hand and demand deposits. Cash equivalents are short term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are held for the purpose of the meeting short-term cash commitments rather than for investment or other purposes.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Due from/to brokers**

Due from/to brokers represents cash deposits and loans with brokers, including balances transferred as collateral against open positions, and amounts receivable and payable for securities transactions that have not yet settled at year end.

**(j) Revenue and income recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

*Dividends*

Dividends are recognised as income or expense on the date the share is quoted ex-dividend. Income is shown net of any non-recoverable withholding taxes.

*Interest income*

Revenue is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset. Interest income earned on cash and cash equivalents is recognised in the Statement of comprehensive income.

*Trust distributions income*

Trust distributions are recognised as income on an entitlements basis.

*Net changes in fair value of financial assets and liabilities at fair value through profit or loss*

Net changes in fair value of financial assets and liabilities at fair value through profit or loss are calculated as the difference between the fair value at sale, or at year end, and the fair value at purchase or at the previous reporting date. This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

*Other income*

Other income is brought to an account on an accrual basis.

**(k) Expenses**

All expenses including fees and commissions are recognised on an accrual basis.

**(l) Income tax**

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

In jurisdictions other than Australia, in some cases foreign taxes will be withheld at source on dividends and certain interest received by the Fund. Capital gains derived by the Fund in most foreign jurisdictions generally will be exempt from foreign income or withholding taxes at source. The tax rates and laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Net assets attributable to unitholders**

The Fund's units are classified as financial liability as they did not satisfy the below criteria.

Units are classified as equity when they satisfy the criteria under AASB 132 Financial Instruments: Presentation as below:

- the puttable financial instrument entitles 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 instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the puttable financial instrument having all of the above features, the Fund must have no other financial instrument or contract that has:

- total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund; and
- the effect of substantially restricting or fixing the residual return to the redeemable shareholders.

The Fund continually assesses the classification of the units. If the units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The Fund's capital is represented by the units which are redeemable at the unit holders' option, however the Responsible Entity may suspend redemption if it is in the best interest of unit holders.

Quantitative information about the Fund's capital is provided in the Statement of Changes in Net Assets Attributable to Unitholders and in Note 7. The units are entitled to income which is attributed by the Responsible Entity and to payment of a proportionate share of the Fund's net asset value on the redemption date or upon winding up of the Fund.

**(n) Foreign currency translation**

Both the functional and presentation currency of the Fund is Australian dollars (\$) which is the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in a previous financial year are recognised in the Statement of Comprehensive Income as 'Net foreign exchange gains/(losses)'.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Goods and services tax (GST)**

Revenues, expenses, cash flows, assets and liabilities are recognised net of the amount of goods and services tax (GST) except where:

- (i) The amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- (ii) For receivables and payables which are recognised inclusive of GST.

Reduced input taxed credits (RITC) recoverable by the Fund from the taxation authority are recognised as receivables in the Statement of financial position.

**(p) Receivables**

Receivables are recognised when a right to receive a payment is established. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

**(q) Payables**

Payables are recognised when the Fund becomes liable. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair value.

**(r) Provisions**

Provisions are recognised when the Fund has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(s) Distributions to unitholders**

Upon adopting 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 Fund income to unitholders.

Distributions to unitholders are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

Distributions are determined by reference to net taxable income. Distributable income includes net gains arising from the disposal of investments less any carried forward realised losses from prior periods. Unrealised gains and losses on investments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable or distributable until realised. Net realised losses are not distributed to unitholders but are retained to be offset against any future realised gain.

**(t) 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, where permitted, are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application and redemption prices are determined as the net asset value of the Fund adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(u) Terms and conditions of units**

Each unit within a unit class confers upon the unitholder an equal interest in a Class, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the distribution of net proceeds on termination and winding up of the Fund on a pro rata basis.

The rights, obligations and restrictions attached to each unit in Class A, B and C are identical in all respects other than the high water mark applicable to each of these three classes.

Unitholders may make a request to redeem their units by giving written notice to the Responsible Entity:

- 45 days for Class A and B before a Redemption Date, which is the last business day of each calendar quarter; or
- 30 days for Class C before a Redemption Date, which is the last business day of each calendar month.

**(v) Significant accounting judgements, estimates and assumptions**

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Comparative information has been re-presented to be consistent with current period disclosures where necessary.

**Fair value of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

**Assessment as investment entity**

Entities that meet the definition of an investment entity within AASB 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(v) Significant accounting judgements, estimates and assumptions (continued)**

**Assessment as investment entity (continued)**

The Fund's objective is to generate superior returns for unitholders, with a focus on risk and capital preservation and the Fund's investment strategy is to provide investors with exposure to global markets through a long short equity strategy.

All investments are reported at fair value to the extent allowed by the accounting standards in the Fund's annual reports. The Fund has a clearly documented exit strategy for all of its investments.

The Board has also concluded that the Fund meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities and it has more than one investor.

The Fund has related party investors as disclosed in Note 9(b). All transactions between the Fund and its related parties are at market value and on commercial terms and conditions. As such, the related parties do not transact with the Fund on terms that are unavailable to other unitholders. Therefore this does not preclude the Fund from meeting the definition of an investment entity.

The Board has concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changes.

**(w) New standards, amendments and interpretations effective after 1 July 2020 and have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**(x) Rounding of amounts**

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

**3. MANAGER FEES AND PERFORMANCE FEES**

The Responsible Entity receives from the Fund an investment manager fee of 1.50% (2019: 1.50%) per annum of the net asset value of the units (before deduction of the investment manager fee and before deduction for any accrued performance fees). This fee is payable monthly in arrears.

The Responsible Entity receives from the Fund a performance fee of 16.50% (2019:16.50%) on positive performance subject to a high water mark. The high water mark is the greater of:

- the highest net asset value per unit as at the last day of the last period for which a performance fee was last paid or payable; and
- the issue price of the first units under the Product Disclosure Statement.



Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

**3. MANAGER FEES AND PERFORMANCE FEES (CONTINUED)**

Manager and performance fees paid and payable for the year are shown in the table below:

	2020 \$'000	2019 \$'000
Manager fees expense	2,236	2,477
Manager fees payable	191	384
Performance fees expense	592	-
Performance fees payable	592	-

**4. DISTRIBUTIONS PAID AND PAYABLE TO UNITHOLDERS**

Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

On 24 July 2017, the Responsible Entity amended the Fund's Constitution to allow the Fund to elect into and comply with the AMIT regime. Refer to Note 1 and Note 2(s) for further details.

There was \$23,078,512 distribution declared (2019: nil) and payable (2019: nil) by the Fund at the year end.

**5. INVESTMENTS IN FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2020 \$'000	2019 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Listed equities	143,434	100,376
Unlisted equities	4,469	8,517
Unlisted investment in funds	14,408	16,025
Options	3,345	1,544
Futures contracts	245	-
Forward contracts	584	322
<b>Total financial assets</b>	<b>166,485</b>	<b>126,784</b>

	2020 \$'000	2019 \$'000
<b>Financial liabilities at fair value through profit or loss</b>		
Listed equities	25,767	12,575
Exchange traded options	343	-
Unlisted equity swaps	-	598
Futures contracts	-	92
Forward contracts	31	2
<b>Total financial liabilities</b>	<b>26,141</b>	<b>13,267</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

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## **6 FAIR VALUE MEASUREMENT**

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets/liabilities at fair value through profit or loss (see Note 5)
- Derivative financial instruments (see Note 5)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current year.

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

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

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

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the year. Financial assets and liabilities are priced at last traded prices.

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the annual financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments which represents quoted prices in the active market.

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

*(ii) Fair value in an inactive or unquoted market (level 2 and level 3)*

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

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

For other pricing models, inputs are based on market data at the end of the year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward currency contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

6 FAIR VALUE MEASUREMENT (CONTINUED)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)(continued)

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

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

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

The Asset Valuation Committee determines the policies and procedures for fair value measurement of the assets of the Funds having regard to the nature and type of the asset. The Asset Valuation Committee is comprised of the Responsible Entity's Chief Investment Officer or Chief Executive Officer as alternate, the Head of Operations, an independent member of the Compliance Committee and a manager of the Legal and Compliance team. The Asset Valuation Committee meets on a quarterly basis and decides which valuation techniques and inputs to use for each case and may require board approval in special situations as described in the Asset Valuation Policy.

Recognised fair value measurement

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy as at 30 June 2020 and 30 June 2019.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2020</b>				
<b>Financial assets at fair value through profit or loss</b>				
Listed equities	143,434	-	-	143,434
Unlisted equities	-	-	4,469	4,469
Unlisted investment in funds	-	14,408	-	14,408
Options	2,973	372	-	3,345
Futures contracts	245	-	-	245
Forward contracts	-	584	-	584
<b>Total financial assets</b>	<b>147,024</b>	<b>14,992</b>	<b>4,469</b>	<b>166,485</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Listed equities	25,767	-	-	25,767
Exchange traded options	343	-	-	343
Forward contracts	-	31	-	31
<b>Total financial liabilities</b>	<b>26,110</b>	<b>31</b>	<b>-</b>	<b>26,141</b>

Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

6 FAIR VALUE MEASUREMENT (CONTINUED)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2019</b>				
<b><i>Financial assets at fair value through profit or loss</i></b>				
Listed equities	100,376	-	-	100,376
Unlisted equities	-	-	8,517	8,517
Unlisted investment in funds	-	16,025	-	16,025
Options	1,544	-	-	1,544
Forward contracts	-	322	-	322
<b>Total financial assets</b>	<b>101,920</b>	<b>16,347</b>	<b>8,517</b>	<b>126,784</b>
<b><i>Financial liabilities at fair value through profit or loss</i></b>				
Listed equities	12,575	-	-	12,575
Unlisted equity swaps	-	598	-	598
Futures contracts	92	-	-	92
Forward contracts	-	2	-	2
<b>Total financial liabilities</b>	<b>12,667</b>	<b>600</b>	<b>-</b>	<b>13,267</b>

The level in which instruments are classified in the hierarchy is based on the lowest input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgment after considering factors specific to the instrument.

The fair value of listed equity and publicly traded derivatives is based on quoted market prices or binding dealer price quotations at the reporting date, without any deduction for transaction costs.

The Fund uses widely recognised valuation models for determining fair values of over-the-counter derivatives. For these financial instruments, inputs into models are market observable.

The fair values of currency exchange contracts (forwards and swaps) are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

In the March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic have had a significant impact on global and domestic economies and markets to which the Fund is exposed.

The Fund continues to determine net asset values with the frequency as set out in the Product Disclosure Statement, consistently applying valuation policies and reflective of prevailing market conditions.

The Fund invests into unlisted equities. Whilst all valuations contain some element of uncertainty, the impact of COVID-19 on the markets in which the Fund is exposed to is not fully known due to limited transactional evidence since the outbreak of pandemic. The valuation inputs are estimates based on the circumstances prevailing at balance date and may materially change depending on future economic conditions and other factors specific to the individual investments and consequently the fair value could change significantly over time.

Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

6 FAIR VALUE MEASUREMENT (CONTINUED)

Quantitative information of significant unobservable inputs – Level 3

Description	\$'000	Valuation techniques	Significant unobservable inputs	Range (weighted average)
<b>2020</b>				
Unlisted Equities	2,685	Earning multiple	Earning Multiple	3X – 16X
	1,534	Recent transaction price	n/a	n/a
	250	Cost	n/a	n/a
<b>2019</b>				
Unlisted Equities	3,366	Earning multiple	Earning Multiple	3X – 15X
	5,151	Recent transaction price	n/a	n/a

Sensitivity analysis to significant changes in unobservable inputs within level 3 hierarchy:

Description	Year	Input	Sensitivity used*	Effect on fair value \$'000
Unlisted Equities	2020	Earning multiple	1X	712
		Recent transaction price	n/a	n/a
		Cost	n/a	n/a
Unlisted Equities	2019	Earning multiple	1X	722
		Recent transaction price	n/a	n/a

\* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

(i) Transfers between levels

There was a net transfer \$3,668,106 in the fair value hierarchy for the year ended 30 June 2020 (2019: nil), representing \$4,305,000 transferred out from level 3 and \$636,894 transferred into level 3.

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

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting year.

	2020 \$'000	2019 \$'000
<b>Unlisted Equities and Convertible bond</b>		
Opening balance	8,517	5,353
Total (losses) and gains		
- in (loss) or profit	(1,263)	(1,222)
- in other comprehensive income	-	-
Purchases	960	4,454
Sales	(77)	(68)
Transfers into/(out from) level 3	(3,668)	-
<b>Closing balance</b>	<b>4,469</b>	<b>8,517</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

**6 FAIR VALUE MEASUREMENT (CONTINUED)**

*(iii) Fair values of other financial instruments*

Due to their short-term nature, the carrying amounts of receivables and payables approximate fair value.

Gains or losses included in profit or loss are presented in change in fair value of financial assets and liabilities at fair value through profit or loss as follows:

	2020 \$'000	2019 \$'000
Total unrealised gain/(loss) included in profit or loss for level 3 assets	(1,289)	(1,245)
Total realised gain/(loss) included in profit or loss for level 3 assets	26	23

**7 NET ASSETS ATTRIBUTIBLE TO UNITHOLDERS**

The terms and conditions attached to the units are stated in Note 2(t) and Note 2(u).

The movements in units and value of the Fund and classes during the year ended 30 June 2020 and 30 June 2019 are as follows:

	Class A \$'000	Class B \$'000	Class C \$'000	Total \$'000
<b>2020</b>				
Opening balance	12,562	72,403	63,198	148,163
Change in net assets attributable to unitholders	188	2,151	1,166	3,505
Application of units	-	-	9,500	9,500
Redemption of units	(160)	(14,016)	(18,673)	(32,849)
Distribution re-invested	-	-	-	-
<b>Closing balance</b>	<b>12,590</b>	<b>60,538</b>	<b>55,191</b>	<b>128,319</b>

<b>2019</b>				
Opening balance	14,710	83,562	71,869	170,141
Change in net assets attributable to unitholders	(2,456)	(14,802)	(13,190)	(30,448)
Application of units	-	-	9,759	9,759
Redemption of units	(965)	(5,913)	(14,242)	(21,120)
Distribution re-invested	1,273	9,556	9,002	19,831
<b>Closing balance</b>	<b>12,562</b>	<b>72,403</b>	<b>63,198</b>	<b>148,163</b>

	Class A Units ('000)	Class B Units ('000)	Class C Units ('000)	Total Units ('000)
<b>2020</b>				
Opening balance	9,561	56,456	43,820	109,837
Application of units	-	-	6,226	6,226
Redemption of units	(113)	(9,973)	(12,327)	(22,413)
Distribution re-invested	-	-	-	-
<b>Closing balance</b>	<b>9,448</b>	<b>46,483</b>	<b>37,719</b>	<b>93,650</b>

<b>2019</b>				
Opening balance	9,404	54,727	41,855	105,986
Application of units	-	-	6,346	6,346
Redemption of units	(669)	(4,618)	(9,698)	(14,985)
Distribution re-invested	826	6,347	5,317	12,490
<b>Closing balance</b>	<b>9,561</b>	<b>56,456</b>	<b>43,820</b>	<b>109,837</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

**7 NET ASSETS ATTRIBUTIBLE TO UNITHOLDERS (CONTINUED)**

**Capital management**

As a result of the ability to issue and redeem units, the capital of the Fund can vary depending on the demand for subscriptions to and redemptions from the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue or redemption of units.

The Fund's objectives for managing capital are:

- to invest capital in accordance with the provisions of the Fund's Constitution and the current Product Disclosure Statement; and
- to pursue its investment objective which is consistent with the Constitution and Product Disclosure Statement by investing in a portfolio of global equities that may include financial products such as listed and unlisted shares, managed funds and derivatives.

The policies and processes applied by the Fund in managing its capital are outlined in Note 13.

**8 DUE FROM/TO BROKERS**

	2020 \$'000	2019 \$'000
<i>Due from brokers:</i>		
Receivables for investments sold	26	10,315
Broker balance	797	547
	<b>823</b>	<b>10,862</b>
<i>Due to brokers:</i>		
Payables for investments purchased	467	2,462
Broker balance	10,669	1,844
	<b>11,136</b>	<b>4,306</b>

Broker balances represent cash deposits and loans with brokers including balances transferred as collateral against open positions. There was \$769,742 held as collateral with broker accounts as of 30 June 2020 (2019: \$872,930).

**9 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party including financial or operational decisions.

**(a) Details of key management personnel**

*(i) Directors*

The Responsible Entity and the Directors of the Responsible Entity are considered to be key management personnel of the Fund.

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

Ashok Jacob (Chairman)  
Brian O'Sullivan  
Michael Johnston  
Guy Jalland  
Chris Kourtis

*(ii) Compensation of key management personnel*

No Directors fees or other amounts have been paid or are payable at year end to the Directors by the Fund.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

**9 RELATED PARTIES (CONTINUED)**

**(b) Units held by related parties**

	\$	No. of Units Held As At 30 June	% Of the Fund
<b>2020</b>			
<i>Directors of the Responsible Entity</i>			
Ashok Jacob	33,398,949	23,247,764	26.03
Brian O'Sullivan	11,499	8,829	0.01
<b>2019</b>			
Ashok Jacob	31,006,666	21,973,841	20.98
Brian O'Sullivan	11,294	8,829	0.01
<b>Distributions paid/payable</b>		2020 \$	2019 \$
Ashok Jacob		6,026,222	-
Brian O'Sullivan		2,061	-

**(c) Transactions with related parties**

(i) Fees paid and payable to the Responsible Entity are disclosed in Note 3.

(ii) The Fund from time to time enters into transactions with parties related to or managed by the Responsible Entity. All related party transactions are made at arm's length on normal business terms and conditions.

	As at 30 June 2020 \$'000	As at 30 June 2019 \$'000
Investments in other entity managed by the Responsible Entity	13,349*	14,228*

\* Excluding investment in unconsolidated subsidiaries shown in Note 10.

**Equity Swap Arrangements**

During year ended 30 June 2020 and 30 June 2019, Ellerston Capital Limited, the Investment Manager and Responsible Entity for the Ellerston Global Equity Managers Fund, entered into an ISDA Master Agreement for the purposes of providing an equity swap arrangement with the Ellerston India Fund, the Ellerston Asia Growth Fund and the Ellerston Asian Emerging Opportunities Fund. The Funds are related through a common Investment Manager. The fair values of the equity swap securities and the corresponding equity securities held as at 30 June 2019 are provided in Note 5, and there is nil equity swap position as at 30 June 2020.

**Loan**

The Fund and the Ellerston Loan Fund (the Borrower) are related through Ellerston Capital Limited, the common Investment Manager and Responsible Entity. The Fund entered into the loan agreement with the Borrower on normal commercial terms with a return of 15% pa.

Repayment to the Fund will be on the occurrence of any of the following:

- 1) a request by the Borrower where it has obtained appropriate finance from another source;
- 2) a call for repayment of the total outstanding amount or any portion of the amount by the Fund at any time;
- 3) termination of arrangements in relation to the Borrower;
- 4) an event of default occurs which is defined on the agreement; or
- 5) 12 months from the date of the agreement of 19 December 2019.



Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

**9 RELATED PARTIES (CONTINUED)**

**(c) Transactions with related parties (continued)**

	2020 \$'000	2019 \$'000
<b>Loan</b>		
Opening	1,001,233	-
New borrowings	7,881,096	3,500,000
Principal repayments	(8,881,096)	(2,500,000)
Interest payments received	(68,272)	(23,630)
Interest income	67,039	24,863
<b>Total principal and interest receivable</b>	<b>-</b>	<b>1,001,233</b>
Interest receivable as at 30 June	-	1,233

**10 INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES**

	2020 \$'000	2019 \$'000
Ellerston Asia Growth Fund	9,293	8,838

Summary of unconsolidated subsidiaries	Principal place of business	Proportion of ownership and voting rights	
		2020	2019
Ellerston Asia Growth Fund	Australia	96%	96%

None of the above subsidiaries control any further subsidiaries.

The Fund has no contractual commitments or current intentions to provide any financial or other support to its unconsolidated subsidiaries. The Fund receives income in the form of distributions from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of cash from these entities to the Fund. The management and performance fees paid as the result of the Fund's investments in its subsidiaries are fully rebated.

**11 CASH AND CASH EQUIVALENTS**

**(a) Reconciliation of cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise:

	2020 \$'000	2019 \$'000
Cash at bank	22,435	30,173

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

11 CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of change in net assets attributable to unitholders for the year to net cash flows from operating activities

	2020 \$'000	2019 \$'000
Change in net assets attributable to unitholders	3,505	(30,448)
<i>Adjustments for:</i>		
Purchase of investments	(440,464)	(246,534)
Proceeds on disposal of investments	461,138	283,731
Net changes in the fair value of investments	(29,632)	31,169
(Increase)/decrease in assets:		
Interest and dividends receivable	(697)	2,899
Other receivables	36	(12)
Increase/(decrease) in liabilities:		
Interest and dividends payable	38	(199)
Management fees payable	(193)	144
Performance fees payable	592	(155)
Other payables	90	220
Distribution payable	23,079	-
<b>Cash flows from operating activities</b>	<b>17,492</b>	<b>40,815</b>

(c) Non-cash financing activity

Reinvestment of unitholders distribution	-	19,831
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12. AUDITORS REMUNERATION

	2020 \$	2019 \$
<i>Fees paid or payable to the auditor Ernst &amp; Young for:</i>		
Auditing the statutory financial report	79,682	79,682
Auditing the compliance plan	4,533	4,533
Other Services		
- Tax compliance	52,250	52,250
<b>Total fees to Ernst &amp; Young</b>	<b>136,465</b>	<b>136,465</b>

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk management objectives, policies and processes

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

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

**13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)**

Financial instruments of the Fund comprise investment in financial assets for the purpose of generating a return on the investment made by unitholders, in addition to derivatives, cash and cash equivalents, net assets attributable to unitholders, and other financial instruments such as trade debtors and creditors, which arise directly from its operations.

**Financial risk management objectives, policies and processes (continued)**

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

**(a) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, and equity prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

*(i) Equity price risk*

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges and equity linked derivatives. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Equity price risk is managed through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

If the price of each equity in the investment portfolio moves +/- 10%, this will result in a change in net assets attributable to unitholders and a change in net operating profit attributable to unitholders as follows:

	Change in equity price		Impact on operating profit before finance costs/Net assets attributable to unitholders	
	%	%	\$'000	\$'000
2020	10	(10)	12,214	(12,214)
2019	10	(10)	9,572	(9,572)

*(ii) Foreign exchange risk*

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

The tables below indicate the currencies to which the Fund had significant exposure on its financial assets and liabilities. The analysis discloses management's best estimates of the effect of a reasonably possible movement of the currency rate against the Australian dollar, with all other variables held constant on the Statement of Comprehensive Income and Statement of Financial Position. A negative amount in the tables reflects a potential net reduction in profit or loss and net assets attributable to unitholders, while a positive amount reflects a potential net increase.

In practice the actual trading results may differ from the below sensitivity analysis and the difference may be material.

The gross value of foreign exchange forward contract agreement at year end, and the Fund's sensitivity to these contracts, are also included in the tables below.

Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

	US dollars \$'000	British pounds \$'000	Hong Kong dollars \$'000	All other foreign currencie s \$'000	Total \$'000
<b>30 June 2020</b>					
<b>Monetary and Non-Monetary Assets and Liabilities</b>					
Monetary Assets and Liabilities					
Due from brokers	7,338	-	730	(12)	8,056
Due to brokers	(448)	-	-	-	(448)
Other receivables	-	-	25	-	25
Other payables	(6)	-	-	(4)	(10)
Total Monetary Assets and Liabilities	6,884	-	755	(16)	7,623
Non-Monetary Assets and Liabilities					
Financial assets at fair value through profit or loss	47,811	201	854	4,504	53,370
Financial liabilities at fair value through profit or loss	(8,575)	-	-	(1,182)	(9,757)
Total Non-Monetary Assets and Liabilities	39,236	201	854	3,322	43,613
Gross value of foreign exchange forward contracts	(34,944)	(225)	(1,594)	(3,429)	(40,192)
Net exposure to foreign currency on monetary and non-monetary assets and liabilities	11,176	(24)	15	(123)	11,044
<b>Effect of a 10% change in AUD exchange rate on profit or loss and net assets attributable to unitholders</b>	<b>688</b>	<b>-</b>	<b>76</b>	<b>(2)</b>	<b>762</b>
	US dollars \$'000	British pounds \$'000	Hong Kong dollars \$'000	All other foreign currencie s \$'000	Total \$'000
<b>30 June 2019</b>					
<b>Monetary and Non-Monetary Assets and Liabilities</b>					
Monetary Assets and Liabilities					
Due from brokers	7,909	2,003	739	84	10,735
Due to brokers	(4,762)	-	-	(2,253)	(7,015)
Other payables	(3)	-	-	(4)	(7)
Total Monetary Assets and Liabilities	3,144	2,003	739	(2,173)	3,713
Non-Monetary Assets and Liabilities					
Financial assets at fair value through profit or loss	10,295	4,639	605	4,101	19,640
Financial liabilities at fair value through profit or loss	(2,301)	-	-	(1,576)	(3,877)
Total Non-Monetary Assets and Liabilities	7,994	4,639	605	2,525	15,763
Gross value of foreign exchange forward contracts	(10,772)	(6,615)	(1,389)	(572)	(19,348)
Net exposure to foreign currency on monetary and non-monetary assets and liabilities	366	27	(45)	(220)	128
<b>Effect of a 10% change in AUD exchange rate on profit or loss and net assets attributable to unitholders</b>	<b>314</b>	<b>200</b>	<b>74</b>	<b>(217)</b>	<b>371</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

**13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)**

**(a) Market risk**

*(iii) Interest rate risk*

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of the changes in market interest rates.

A significant proportion of the Fund's assets are held in cash and cash equivalents as at 30 June 2020. The table below summarises the sensitivity of the Fund's operating (loss)/profit before finance costs and net assets attributable to unitholders through changes in fair values or changes in future cash flows, with all other variables held constant. The analysis is based on the assumption that interest rates moved by +/-1% (2019: +/-1%) from the year end rates with all other variables held constant.

	Change in Interest rate		Impact on operating profit before finance costs/Net assets attributable to unitholders	
	%	%	\$'000	\$'000
2020	1	(1)	224	(224)
2019	1	(1)	302	(302)

**(b) Credit risk**

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at year end.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated. The Fund minimises its exposure to credit risk on derivatives by only trading with top-tier financial institutions and closely monitors the level of exposure that it holds with each counterparty.

*Concentration of credit risk exposure*

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels. As at the end of the year, a significant proportion of the Fund's assets were held in financial assets and cash and cash equivalents, of which a portion was held with top-tier Australian banks.

To reduce the concentration of credit risk exposure the Fund has appointed both Morgan Stanley & Co International Plc and Goldman Sachs International as prime brokers and custodians of the Fund.

The Standard and Poor's long term foreign issuer credit rating of the Fund's counterparties as at 30 June 2020 and 30 June 2019 are:

- A+ for Morgan Stanley & Co International PLC (2019: A+).
- A+ for Goldman Sachs International (2019: A+)

**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2020**  
**(Stated in Australian Dollars)**

**13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)**

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

*Maturity analysis for financial liabilities*

Financial liabilities of the Fund comprise of outstanding settlements payable, distributions payable and other payables. Outstanding settlements payable as settled within 3 days after trade. Distributions payable and other payables have no contractual maturities but are typically settled within 30 days.

Financial liabilities at fair value through profit and loss consists of listed equities and exchange traded options which are highly liquid investments and are ready to trade on recognised securities exchanges. Listed equities have no contractual maturities. All exchange traded options will mature within 12 months.

Net assets attributable to unitholders are payable on demand, however the Responsible Entity has the power under the Fund Constitution to amend the timing of redemption payments.

**14 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of Financial Position. As at the end of the reporting period, the Fund has no financial assets or liabilities in the Statement of Financial Position which are presented net.

The following tables provide information on the financial impact of the netting agreements if they were applied to the recognised financial assets and liabilities:

**Financial assets**

	Gross amount of financial assets	Gross amounts offset in the statement of financial position	Net amount presented on statement of financial position	Amounts subject to master netting arrangement s	Amounts related to financial collaterals pledged/ received	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2020</b>						
<i>Derivative financial instruments</i>	4,174	-	4,174	(374)	-	3,800
<b>Total</b>	<b>4,174</b>	<b>-</b>	<b>4,174</b>	<b>(374)</b>	<b>-</b>	<b>3,800</b>
<b>30 June 2019</b>						
<i>Derivative financial instruments</i>	1,867	-	1,867	(94)	-	1,773
<b>Total</b>	<b>1,867</b>	<b>-</b>	<b>1,867</b>	<b>(94)</b>	<b>-</b>	<b>1,773</b>

Notes to the Financial Statements (continued)  
For the year ended 30 June 2020  
(Stated in Australian Dollars)

**14 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

**Financial liabilities**

	Gross amount of financial liabilities	Gross amounts offset in the statement of financial position	Net amount presented on statement of financial position	Amounts subject to master netting arrangement s	Amounts related to financial collaterals pledged/ received	Net Amount*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2020</b>						
<i>Derivative financial instruments</i>	(374)	-	(374)	374	-	-
<b>Total</b>	<b>(374)</b>	<b>-</b>	<b>(374)</b>	<b>374</b>	<b>-</b>	<b>-</b>
<b>30 June 2019</b>						
<i>Derivative financial instruments</i>	(692)	-	(692)	94	598**	-
<b>Total</b>	<b>(692)</b>	<b>-</b>	<b>(692)</b>	<b>94</b>	<b>598</b>	<b>-</b>

\* There was \$769,742 held as collateral with broker accounts as of 30 June 2020 (2019: \$872,930).

\*\*The corresponding equity securities were held by the Fund as collateral as provided in Note 5.

The Fund presents the fair value of its derivative assets and liabilities on a gross basis. There were no derivative assets or liabilities that have been offset in the statement of financial position.

**15 COMMITMENTS AND CONTINGENCIES**

There are no commitments or contingencies as at 30 June 2020 (2019: None).

**16 EVENTS AFTER THE REPORTING DATE**

There were no significant matters or circumstances that have arisen since the end of the year that have significantly affected, or may affect, the Fund's operations in future years, the results of those operations or the Fund's state of affairs in future years.