## Atlantic Pacific Australian Equity Fund

## ARSN 158 861 155

Report for the financial period from 1 May 2012 to 30 June 2013

## Index to the Financial Statements

## 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 Atlantic Pacific Australian Equity Fund ("APAEF" or the "Fund"), submit their report together with the financial statements for the Fund for the period from 1 May 2012 to 30 June 2013.

### Responsible Entity

The registered office and principal place of business of the Responsible Entity is Level 13, 20 Hunter Street, Sydney NSW 2000.

### Directors

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

| Name | Title |
|---|---|
| Frank Tearle | Executive Director and Company Secretary |
| Justin Epstein | Executive Director |
| Elizabeth Reddy | Non-executive Director |

### Principal Activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 1 May 2012, and commenced operations on 1 June 2013.

The principal activity of the Fund during the period was to invest in accordance with the provisions of the Fund's Constitution and offer documents.

The Fund's primary emphasis is to invest in a diversified portfolio of small to large cap Australian listed securities, and securities in respect of which listing has been proposed. Cash, cash equivalents, convertible notes and derivatives may also be included.

The Fund did not have any employees during the period.

### Review of Operations

As this is the first financial report, there are no comparative figures.

***Results***

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income of these financial statements. The net gain attributable to unitholders for the period ended 30 June 2013 was $12,313.

***Distributions***

In respect of the financial period ended 30 June 2013, no distributions were paid to unitholders.

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

The total value of the Fund's assets at 30 June 2013 is $1,280,553. The total number of units issued during the period and on issue as at 30 June 2013 is 1,229,000.

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 2013.

## Directors' Report (continued)

### Management Fees Paid and Payable

Management fees are the fees charged to manage and oversee the operation of the Fund. Under the Constitution, the Responsible Entity has the right to charge up to 5% (including GST) of the gross asset value of the Fund as a management fee. Per the Product Disclosure Statement dated 4 March 2013, the Responsible Entity will only charge a management fee of 2% per annum (including GST) of the gross asset value of the Fund. The fee accrues daily and is payable monthly in arrears out of the assets of the Fund.

The Responsible Entity pays the costs of third parties providing custodian, administrative and registry services to the Fund out of the management fee. The Responsible entity also pays APSEC Funds Management Pty Ltd ("Investment Manager") an annual investment management fee for providing investment management services to the Fund.

The Responsible Entity is entitled to be reimbursed out of the Fund for fund related expenses.

The Investment Manager prepays to the Fund an amount equal to the expected fees for the coming month. Until such time as the Fund has sufficient assets, this prepayment is effectively subsidised by the Investment Manager.

The following management fees were paid or payable out of the Fund's property during the period ended 30 June 2013:

- Management fees of $1,986 were incurred during the period.
- Management fees payable at 30 June 2013 were $2,106.

### Performance Fees Paid and Payable

The Investment Manager is entitled to be paid a performance fee of 15% (including GST) of any increased net performance of the Fund per Unit once the high water mark (being the highest net asset value of the Fund at the end of a previous month, divided by the number of units on issue and adjusting for payment of fees and distributions) has been exceeded for the month, subject to the Fund's performance exceeding the S&P/ASX200 Accumulation Index by 3.0% per annum ("Performance Hurdle").

If a performance fee is payable, then it will accrue monthly and be paid within 30 days of the end of the relevant quarter.

The following performance fees were paid or payable out of the Fund's property during the period ended 30 June 2013:

- Performance fees of $6,310 were incurred during the period.
- Performance fees payable at 30 June 2013 were $6,771.

### *Significant Changes in State of Affairs*

During the financial period there were no significant changes in the state of affairs of the Fund.

### *Subsequent Events*

There has been no 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.

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

The Fund will be managed in accordance with the Constitution and investment objectives as detailed in its most recent Product Disclosure Statement, dated 4 March 2013.

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.

## Directors' Report (continued)

***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 the financial period, the Responsible Entity paid premiums in respect of contracts insuring the directors of the Responsible Entity against a liability incurred as a director or executive officer to the extent permitted by the Corporations Act 2001. The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Responsible Entity, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability as such an officer or auditor.

***Auditor***

PricewaterhouseCoopers was appointed as auditor of the Fund on 16 November 2012 and continues in office in accordance with section 327 of the Corporations Act 2001.

***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

Frank Tearle
Director
27 September 2013

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## Auditor's Independence Declaration

As lead auditor for the audit of Atlantic Pacific Australian Equity Fund for the period from 1 May 2012 to 30 June 2013, I declare that 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.

This declaration is in respect of Atlantic Pacific Australian Equity Fund during the period.

Ashley Wood

A S Wood
Partner
PricewaterhouseCoopers

Sydney
27 September 2013

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# Independent auditor's report to the unitholders of Atlantic Pacific Australian Equity Fund

## *Report on the financial report*

We have audited the accompanying financial report of Atlantic Pacific Australian Equity Fund (registered scheme), which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 May 2012 to 30 June 2013, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### *Directors' responsibility for the financial report*

The directors of the registered scheme 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

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

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*Auditor's opinion*

In our opinion:

(a) the financial report of Atlantic Pacific Australian Equity Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the registered scheme's financial position as at 30 June 2013 and of its performance for the period from 1 May 2012 to 30 June 2013; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the registered scheme's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ashley Wood

A S Wood
Partner

Sydney
27 September 2013

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

(a) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;

(b) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 (a) to the financial statements; and

(c) the financial statements and notes set out on page 8 to 25 are in accordance with the Corporations Act 2001, including:

- compliance with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- give a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 303(5) of the Corporations Act 2001.

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

Frank Tearle

Frank Tearle
Director
27 September 2013

## Statement of Comprehensive Income for the period ended 30 June 2013

| | Note | Period from 1 May 2012 to 30 June 2013 $ |
|---|---|---|
| **Income** | | |
| Net fair value gain on financial assets designated at fair value through profit or loss | 4 | 18,638 |
| Dividend income | | 924 |
| Interest income | | 1,581 |
| Total income | | 21,143 |
| | | |
| **Expenses** | | |
| Management fees | 5 | 1,986 |
| Performance fees | 5 | 6,310 |
| Other expenses | | 534 |
| Total expenses | | 8,830 |
| | | |
| Net gain attributable to unitholders before finance costs | | 12,313 |
| | | |
| **Finance costs** | | |
| Distributions to unitholders | | - |
| **Net gain attributable to unitholders after finance costs** | | **12,313** |
| | | |
| Decrease in net assets attributable to unitholders | | (12,313) |
| | | |
| **Profit/(loss) for the period** | | - |
| | | |
| **Comprehensive income** | | |
| Other comprehensive income | | - |
| | | |
| **Total comprehensive income** | | - |

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

## Statement of Financial Position as at 30 June 2013

| | Note | 30 June 2013 $ |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 11 (a) | 481,441 |
| Dividends receivable | | 924 |
| Interest receivable | | 1,581 |
| Other assets | 6 | 675 |
| Financial assets at fair value through profit or loss | 4 | 795,932 |
| Total assets | | 1,280,553 |
| | | |
| **Liabilities** | | |
| Management fees payable | 5 | 2,106 |
| Performance fees payable | 5 | 6,771 |
| Other payables | 7 | 30,363 |
| Total liabilities (excluding net assets attributable to unitholders) | | 39,240 |
| | | |
| **Net assets attributable to unitholders** | | **1,241,313** |

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

## Statement of Changes in Equity for the period ended 30 June 2013

| | Period from 1 May 2012 to 30 June 2013 $ |
|---|---|
| **Total equity at the beginning of the period** | - |
| Profit/(loss) for the year | - |
| Other comprehensive income | - |
| **Total comprehensive income** | - |
| Transactions with owners in their capacity as equity holders | - |
| **Total equity at the end of the financial period** | - |

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

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

## Statement of Cash Flows for the period ended 30 June 2013

| | Note | Period from 1 May 2012 to 30 June 2013 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Other receipts | | 30,870 |
| Other payments | | (1,135) |
| Payments for purchase of financial assets designated at fair value through profit or loss | | (883,186) |
| Proceeds from sales of financial assets designated at fair value through profit or loss | | 105,892 |
| Net cash used in operating activities | 11 (b) | (747,559) |
| **Cash flows from financing activities** | | |
| Proceeds from unitholder applications | | 1,229,000 |
| Net cash provided by financing activities | | 1,229,000 |
| Net increase in cash and cash equivalents | | 481,441 |
| Cash and cash equivalents at the beginning of the period | | - |
| **Cash and cash equivalents at the end of the period** | 11 (a) | **481,441** |

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

## Notes to the Financial Statements

### 1. General Information

The Fund is an unlisted registered managed investment scheme. The responsible entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"). The registered office and principal place of business of the Responsible Entity is Level 13, 20 Hunter Street, Sydney NSW 2000.

The Fund was constituted on 1 May 2012, registered as a managed investment scheme on 7 June 2012 and commenced operations on 1 June 2013.

The Fund is a for-profit entity for the purpose of preparing the financial statement. The principal activity of the Fund is disclosed in the Directors' Report.

### 2. Adoption of New and Revised Accounting Standards

***Standards and Interpretations in issue not yet adopted***

Certain new accounting standards and Urgent Issues Group ("UIG") interpretations have been published that are not mandatory for 30 June 2013 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these standards (to the extent relevant to the Fund) and interpretations is set out below:

*(i)* AASB 9 *Financial Instruments and* AASB 2009-11 *Amendments to Australian Accounting Standards arising from* AASB 9 *and* AASB 2010-7 *Amendment to Australian Accounting Standards arising from* AASB 9 (December 2010) and AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of* AASB 9 *and Transition Disclosures (effective from 1 January 2015).*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The directors do not expect this to have significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from* AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures

Application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Fund will adopt the new standard from its operative date, which means that it would be applied in the annual reporting period ending 30 June 2014. The directors do not expect this to have a significant impact on the Fund.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**New and revised standards adopted by the Fund**

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to their operations and effective for the current reporting period. The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Fund's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and have not resulted in changes to the Fund's presentation of, or disclosure in, its financial statements.

## 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 financial statements were authorised for issue by the directors of the Responsible Entity on 27 September 2013.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements, as issued by the IASB.

***b) Basis of preparation***

This general purpose financial report has been prepared under the historical cost convention, as modified by the revaluation of investments in financial assets and liabilities, which have been measured at fair value.

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

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

In accordance with the Corporations Act 2011, this first financial report of the Fund is prepared from the date of establishment being 1 May 2012 to 30 June 2013 ("the period"). As this is the first financial report, there is no prior period comparative information.

***c) Going concern basis***

The Investment Manager prepays to the Fund an amount equal to the expected fees for the coming month. Until such time as the Fund has sufficient assets, this prepayment is effectively subsidised by the Investment Manager. Given that the Fund's fees and expenses were paid in advance as at 30 June 2013, 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.

**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.

## Notes to the Financial Statements

**3. Significant Accounting Policies (continued)**

***e) Expenses***

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

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

Cash and cash equivalents comprise cash at banks and cash balances held with brokers.

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

Investments in financial instruments are categorised in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. 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.

**Designated at fair value through profit or loss**

Investments of the Fund that have been designated at fair value through profit or loss include but are not limited to listed securities and derivatives. All investments are initially recognised at fair value of the consideration paid including transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income. After initial recognition, the financial assets that are designated at fair value through profit or loss are re-valued to fair value at each reporting date.

The fair value of financial assets 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 held by the Fund is the current bid price and the quoted market price for financial liabilities is the current asking price.

Changes in the fair value of the investment are included in the Statement of Comprehensive Income in the period in which they arise.

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

The Fund recognises a financial asset when it becomes a party to the contractual provisions of the instrument.

**Derivative financial instruments**

The Fund invests in ASX200 equity index futures and options and ASX200 company options listed on Australian stock exchanges.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Purchases and sales of investments in financial instruments are accounted for as at the trade date.

***h) Taxation***

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

There is no taxable income of the Fund to which the unitholders are not currently entitled. Additionally, the Fund's Constitution requires the distribution of the full amount of the net taxable income of the Fund to unitholders each year. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gains which could arise in the event of a sale

### 3. Significant Accounting Policies (continued)

#### *h) Taxation (continued)*

of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Fund, these gains would be included in the taxable income and assessable in the hands of the unitholders.

#### *i) Distributions*

In accordance with the Fund's Constitution, distributable income is calculated at the end of each financial year and on the winding up of the Fund. Income (if any) to which unitholders are entitled will be paid within 90 days after the end of the relevant financial year or when possible following the winding up of the Fund.

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

#### *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 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.

#### *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.

#### *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 are classified as financial liabilities as the Fund is required to distribute its distributable income. 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.

#### *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.

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

### 3. Significant Accounting Policies (continued)

#### *o) Critical accounting judgements and key sources of estimation uncertainty (continued)*

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 3 (g) 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. Investments in Financial Instruments

**Financial assets designated as fair value through profit or loss**

| | 30 June 2013 $ |
|---|---|
| **Financial assets designated as fair value through profit or loss** | |
| **Comprising:** | |
| **Investments in equity securities** | |
| Investments in listed securities | 791,082 |
| **Total equity securities** | **791,082** |
| **Investments in derivatives** | |
| Investments in futures | 4,850 |
| **Total derivatives** | **4,850** |
| **Total financial assets designated as fair value through profit or loss** | **795,932** |

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

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.

### 4. Investments in Financial Instruments (continued)

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. The following table shows an analysis of financial instruments held at 30 June 2013, recorded at fair value and presented by level of the fair value hierarchy:

| | 30 June 2013 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Investments in equity securities | 791,082 | - | - | 791,082 |
| Investments in derivatives | 4,850 | - | - | 4,850 |
| **Total financial assets designated at fair value through profit or loss** | **795,932** | - | - | **795,932** |

There were no transfers between levels during the period.

The following table shows a reconciliation of financial assets for the period ended 30 June 2013:

| | Period from 1 May 2012 to 30 June 2013 |
|---|---|
| | $ |
| Opening balance | - |
| Purchases | 883,180 |
| Sales | (105,886) |
| Unrealised gain on financial assets held at fair value through profit or loss | 20,797 |
| Realised gain on financial assets held at fair value through profit or loss | (2,159) |
| Closing balance of financial assets held at fair value through profit or loss | **795,932** |

### 5. Management and Performance Fees

***Management Fees Paid and Payable to the Responsible Entity***

Management fees are the fees charged to manage and oversee the operation of the Fund. Under the Constitution, the Responsible Entity has the right to charge up to 5% (including GST) of the gross asset value of the Fund as a management fee. Per the Product Disclosure Statement dated 4 March 2013, the Responsible Entity will only charge a management fee of 2% per annum (including GST) of the gross asset value of the Fund. The fee accrues daily and is payable monthly in arrears out of the assets of the Fund.

The management fee will cover the costs of third parties providing custodian, administrative and registry service to the Fund. The Responsible entity will also pay the Investment Manager an annual investment management fee for providing investment management services to the Fund.

The Responsible Entity is entitled to be reimbursed out of the Fund for Fund related expenses.

- Management fees of $1,986 were incurred during the period.
- Management fees payable at 30 June 2013 were $2,106.

**Performance Fees Paid and Payable**

The Investment Manager is entitled to be paid a performance fee of 15% (including GST) of any increased net performance of the Fund per Unit once the high water mark (being the highest net asset value of the Fund at the end of a previous month, divided by the number of units on issue and adjusting for payment of fees and distributions) has been exceeded for the month, subject to the Fund's performance exceeding the S&P/ASX200 Accumulation Index by 3.0% per annum ("Performance Hurdle").

If a performance fee is payable, then it will accrue monthly and be paid within 30 days of the end of the relevant quarter.

The following performance fees were paid or payable out of the Fund's property during the period ended 30 June 2013:

- Performance fees of $6,310 were incurred during the period.
- Performance fees payable at 30 June 2013 were $6,771.

### 6. Other Assets

| | 30 June 2013 $ |
|---|---|
| GST receivable | **675** |

### 7. Other Payables

| | 30 June 2013 $ |
|---|---|
| General fund expenses | 21 |
| Payable to OMIFL to pay service providers | 30,342 |
| | **30,363** |

The amount payable to OMIFL to pay service providers, represents the amount received in advance by OMIFL from the Investment Manager such that OMIFL can then pay service providers. Accordingly this is shown as a liability on the Fund's Statement of Financial Position.

### 8. Net Assets Attributable to Unitholders

| | No. of Units | $ |
|---|---|---|
| Opening balance as at 1 May 2012 | - | - |
| Applications for units by unitholders | 1,229,000 | 1,229,000 |
| Redemptions of units by unitholders | | - |
| Increase in net assets attributable to unitholders | - | 12,313 |
| Closing balance as at 30 June 2013 | **1,229,000** | **1,241,313** |

### 9. Capital Management

As a result of the ability to issue, repurchase and resell units, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable units. The Fund's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in the Fund's Constitution;
- to maintain sufficient liquidity to meet the ongoing expenses of the Fund; and
- to maintain sufficient size to make the operation of the Fund cost-efficient.

### 10. Auditor's Remuneration

The auditor of the Fund is PricewaterhouseCoopers. Auditor's remuneration for the period ended 30 June 2013 was paid by the Responsible Entity (refer to note 5).

| | Period from 1 May 2012 to 30 June 2013 $ |
|---|---|
| Audit of the compliance plan | 2,200 |
| Audit of the financial report | 10,098 |
| | **12,298** |

### 11. Cash and Cash Equivalents

(a) Cash and cash equivalents include cash at banks net of outstanding overdrafts and cash balances held with brokers. Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | 30 June 2013 $ |
|---|---|
| Cash and cash equivalents | **481,441** |

**11. Cash and Cash Equivalents (continued)**

(b) Reconciliation of profit/(loss) for the period to net cash flows used in operating activities:

| | Period from 1 May 2012 to 30 June 2013 $ |
|---|---|
| **Profit/(loss) for the year** | - |
| **Increase in net assets attributable to unitholders** | **12,313** |
| | |
| Change in value of financial assets designated at fair value through profit or loss | (18,638) |
| Payments for purchase of financial assets designated at fair value through profit or loss | (883,186) |
| Proceeds from sales of financial assets designated at fair value through profit or loss | 105,892 |
| | |
| **Change in assets and liabilities:** | |
| Increase in other assets | (3,180) |
| Increase in trade and other payables | 39,240 |
| | |
| **Net cash used in operating activities** | **(747,559)** |

**12. Financial Risk Management**

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

Financial instruments of the Fund comprise investments in financial assets held for the purpose of generating a return on the investment made by unitholders. In addition, the Fund also holds cash and cash equivalents and other financial instruments such as receivables and payables, which arise directly from the operations of the Fund. The responsibility for identifying and controlling the risks that arise from these instruments is that of the Investment Manager of the Fund.

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

***a) Credit risk***

The Fund is exposed to credit risk which is the risk that the counterparty will be unable to pay amounts in full when they fall due. The main concentration of credit risk to which the Fund is exposed arises from cash and cash equivalents and amounts due from other receivables.

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 2013. No individual investment, other than cash, exceeded 10% of the net assets attributable to unit holders at 30 June 2013. The Fund only has a material credit risk exposure to the banks that holds the Fund's cash assets at 30 June 2013.

**12. Financial Risk Management (continued)**

***a) Credit risk (continued)***

The following table details the breakdown by credit rating of cash and cash equivalents held by the Fund:

| | 30 June 2013 $ |
|---|---|
| AA - | 39,342 |
| A - | 442,099 |
| | **481,441** |

***(i) Settlement of securities transactions***

All transactions in listed securities are settled/paid for upon delivery using approved brokers. 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.

***(ii) Cash and cash equivalents***

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A - or higher.

***(iii) Other***

The Fund is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

***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.

***b (i) Currency risk***

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund may be exposed to foreign currency risk if its portfolio includes securities that are denominated in a foreign currency. Currency risk may be reduced by the use of cross-currency swap, foreign exchange forwards and spot contracts.

The Fund was not exposed to currency risk for the period ended 30 June.

**12. Financial Risk Management (continued)**

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

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

| | Floating interest rate $ | Non-interest bearing $ | Total $ |
|---|---|---|---|
| **30 June 2013** | | | |
| **Assets** | | | |
| Cash and cash equivalents | 481,441 | - | 481,441 |
| Dividends receivable | - | 924 | 924 |
| Interest receivable | - | 1,581 | 1,581 |
| Other assets | - | 675 | 675 |
| Financial assets at fair value through profit or loss | - | 795,932 | 795,932 |
| Total assets | 481,441 | 799,112 | 1,280,553 |
| **Liabilities** | | | |
| Management fees payable | - | 2,106 | 2,106 |
| Performance fees payable | - | 6,771 | 6,771 |
| Other payables | - | 30,363 | 30,363 |
| Total liabilities excluding net assets attributable to unitholders | - | 39,240 | 39,240 |
| **Net exposure** | **481,441** | **759,872** | **1,241,313** |

The following table demonstrates the sensitivity of the Fund's net assets and net profit to a reasonable change in interest rates, with all other variables constant. The 25 basis point sensitivity is based on the expected volatility of change in the AUD cash interest rate over the coming year:

| | Change in basis points increase/(decrease) | Effect on net profit and net assets attributable to unitholders |
|---|---|---|
| **Period from 1 May 2012 to 30 June 2013** | | |
| AUD interest rate | 25bp/(25bp) | 1,204/(1,204) |

***b (iii) Price risk***

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Price risk is managed by monitoring compliance with established investment mandate limits. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As at 30 June 2013, a positive 10% sensitivity would have had an impact on the Fund's net profit and net assets attributable to unitholders of $79,593. A negative sensitivity would have an equal but opposite impact.

***c) 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 and leverage ratios to ensure a minimal concentration of risk.

## Notes to the Financial Statements

### 12. Financial Risk Management (continued)

*c) Liquidity risk (continued)*

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2013 to the contractual maturity date.

| | 30 June 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | On demand | < 1 month | 1-3 months | 3-6 months | 6-12 months | > 12 months | Total |
| **Liabilities** | $ | $ | $ | $ | $ | $ | $ |
| Management fees payable | - | - | 2,106 | - | - | - | 2,106 |
| Performance fees payable | - | - | - | 6,771 | - | - | 6,771 |
| Other payables | - | - | 30,363 | - | - | - | 30,363 |
| Net assets attributable to unitholders | 1,241,313 | - | - | - | | - | 1,241,313 |
| **Total liabilities** | **1,241,313** | **-** | **32,469** | **6,771** | **-** | **-** | **1,280,553** |

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

### 13. Commitments and Contingencies

There are no commitments or contingencies at 30 June 2013.

### 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.

### 15. Related Party Transactions

**a) Management fees**

The responsible entity of the Fund is OMIFL. The management fee paid and payable out of the Fund assets to the Responsible Entity is detailed in note 5.

**b) Performance fees**

The investment manager of the Fund is APSEC Funds Management Pty Ltd. The performance fee paid and payable out of the Fund assets to the Investment Manager is detailed in note 5.

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

**c) Key management personnel**

**i) Directors**

The key management personnel of the Responsible Entity at any time during the financial period are:

| Name | Title |
|---|---|
| Frank Tearle | Executive Director and Company Secretary |
| Justin Epstein | Executive Director |
| Elizabeth Reddy | Director |

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 2013.

**15. Related Party Transactions (continued)**

**c) Key management personnel (continued)**

There were no distributions paid or payable to the key management personnel of the Responsible Entity for the period ended 30 June 2013.

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 during the period ended 30 June 2013.

**ii) Other Key Management Personnel**

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

| Name | Title |
|---|---|
| Nicolas Bryon | Fund Manager |
| George Paxton | Fund Manager |

The key management personnel of the Investment Manager and their associated entities did not hold any units in the Fund during the period and as at 30 June 2013.

There were no distributions paid or payable to the key management personnel of the Investment Manager for the period ended 30 June 2013.

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

**Other Key Management Compensation**

Key management personnel of the Investment Manager have not been compensated out of the Fund during the period ended 30 June 2013.

**15. Related Party Transactions (continued)**

**iii) Other fees paid to related parties**

During the course of the financial period, an entity which shares a common director with the Responsible Entity, Unity Fund Services Pty Limited ("UFS") and its wholly owned subsidiary Unity Tax Services Pty ("UTS"), provided fund administration and taxation services to the Fund. The amounts of fees and the amounts payable at year end are:

| | Period from 1 May 2012 to 30 June 2013 $ |
|---|---|
| **Expenses incurred during the financial period by the Fund in relation to:** | |
| Administration services to UFS | 2,409 |
| Preparation of the financial report to UFS | 5,500 |
| Taxation services to UTS | 3,850 |
| **Total expenses** | **11,759** |

| | 30 June 2013 $ |
|---|---|
| **Amounts due and payable at 30 June 2013 in relation to:** | |
| Administration services to UFS | 2,409 |
| Preparation of the financial report to UFS | 5,500 |
| Taxation services to UTS | 3,850 |
| **Total payable** | **11,759** |

As at 30 June 2013, the Investment Manager had prepaid the Fund for the above mentioned fees. Please refer to note 3 (c).