

**Atlantic Pacific Australian Equity Fund**

**ARSN 158 861 155**

Report for the financial year ended 30 June 2014

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## **Directors' Report**

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of Atlantic Pacific Australian Equity Fund ("APAEF" or the "Fund"), submit their report together with the financial statements for the Fund for the year ended 30 June 2014.

### **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, since inception and up to the date of this report are:

<b>Name</b>	<b>Title</b>
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 its most recent Product Disclosure Statement, dated 1 February 2014.

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.

In relation to derivatives, these are used by the investment manager ("APSEC Funds Management Pty Ltd" or the "Investment Manager") for the dominant purpose of more efficiently gaining or reducing an economic exposure, through the use of exchange-traded derivatives, to the underlying reference assets of those derivatives. The Investment Manager's practice is to use derivatives only on a temporary basis, so that they are closed out within a 28 day period.

There may be circumstances where derivatives are not used for the dominant purpose of more efficiently gaining or reducing economic exposure to the underlying reference assets of those derivatives. In such circumstances, the notional derivatives exposure of the Fund (i.e. the sum of the absolute short and long notional principal amounts of all derivatives, adjusted for any offsetting exposures on the same asset on the same terms), will not exceed 10% of its net asset value, unless the exposure is attributable to circumstances that were not reasonably foreseeable by the Investment Manager such as unforeseen market movements or large redemption requests, and the exposure is for a period of no more than three consecutive business days.

The Fund did not have any employees during the period.

### **Review of Operations**

#### **Results**

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income of these financial statements. The net gain attributable to unitholders for the period ended 30 June 2014 was \$533,758 (1 May 2012 to 30 June 2013: \$12,313).

#### **Distributions**

In respect of the financial period ended 30 June 2014, a distribution of \$473,665 (1 May 2012 to 30 June 2013: \$ nil) was declared and payable to unitholders. It was paid on 25 July 2014.

## Directors' Report (continued)

### *Value of Assets and Units Issued*

The total value of the Fund's assets at 30 June 2014 is \$5,531,419 (2013: \$1,280,553). The total number of units issued during the period and on issue as at 30 June 2014 is 4,340,584 (2013: 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 2014 (2013: nil).

### **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 1 February 2014, 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 administrative and registry services to the Fund out of the management fee. The administrator is subject to a minimum fee arrangement with the Responsible Entity. The administrator's minimum monthly fee is \$3,000 (with an early termination fee payable if the administration contract is terminated in the first 3 years of up to \$36,000) ("Minimum Fee"). If, at any time the management fee charged by the Responsible Entity is not sufficient to meet the Minimum Fees and the Investment Manager has not paid the Minimum Fees, then the Fund will pay the Minimum Fees.

The Responsible entity also pays 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 such as legal fees, taxation advice, audit fees, costs of members' meeting, etc. It is anticipated that expense recoveries will amount to no more than 0.20% of the gross asset value of the Fund per annum.

The following management fees were paid or payable out of the Fund's property during the period ended 30 June 2014 and 30 June 2013:

- Management fees of \$80,542 (1 May to 30 June 2013: \$1,986) were incurred during the period.
- Management fees payable at 30 June 2014 were \$21,269 (2013: \$2,106)

### **Performance Fees Paid and Payable**

The Investment Manager is entitled to be paid a performance fee of 15% (including GST and net of reduced input tax credits) 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.

If either the Performance Hurdle is not met or the high water mark of the Fund is not exceeded by the performance of the Fund in any particular month, then no performance fee is payable for that month. Any negative performance (or underperformance) will be carried forward.

The following performance fees were paid or payable out of the Fund's property during the period ended 30 June 2014 and 30 June 2013:

- Performance fees of \$15,419 (1 May 2012 to 30 June 2013: \$6,310) were incurred during the period.
- Performance fees payable at 30 June 2014 were \$23,319 (2013: \$6,771).

## Directors' Report (continued)

### *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 1 February 2014.

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

### *Auditor*

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

Director

26 September 2014



## Auditor's Independence Declaration

As lead auditor for the audit of Atlantic Pacific Australian Equity Fund for the year ended 30 June 2014, 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.

A handwritten signature in black ink that reads 'Ashley Wood'.

A S Wood  
Partner  
PricewaterhouseCoopers

Sydney  
26 September 2014

## 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 issued by the International Accounting Standards Board, as stated in note 3 (a) to the financial statements; and
- (c) the financial statements and notes set out on page 8 to 29 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

Director

26 September 2014



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

### ***Report on the financial report***

We have audited the accompanying financial report of Atlantic Pacific Australian Equity Fund (the registered scheme), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

The directors of One Managed Investment Funds Limited (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 is free from material misstatement, whether due to fraud or error. In Note 3, 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***

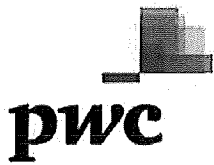
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the registered scheme's financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Ashley Wood*

A S Wood  
Partner

Sydney  
26 September 2014

## Statement of Comprehensive Income for the period ended 30 June 2014

		Year ended 30 June 2014 \$	Period from 1 May 2012 to 30 June 2013 \$
	Note		
<b>Income</b>			
Net gain on financial assets held at fair value through profit or loss	6	541,998	18,638
Dividend income		85,282	924
Interest income		28,670	1,581
Total income		655,950	21,143
<b>Expenses</b>			
Management fees	14 (a)	80,542	1,986
Performance fees	14 (a)	15,419	6,310
Trade commissions		16,650	515
Other expenses		9,581	19
Total expenses		122,192	8,830
Operating profit attributable to unitholders		533,758	12,313
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders		(473,665)	-
(Increase)/decrease in net assets attributable to unitholders		(60,093)	(12,313)
<b>Profit/(loss) for the period</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		-	-

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

## Statement of Financial Position as at 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
<b>Assets</b>			
Cash and cash equivalents	9 (a)	1,338,775	481,441
Dividends receivable		9,464	924
Interest receivable		3,286	1,581
Other assets	11	184,125	675
Financial assets held at fair value through profit or loss	5	3,995,769	795,932
<b>Total assets</b>		<b>5,531,419</b>	<b>1,280,553</b>
<b>Liabilities</b>			
Distribution payable		473,665	-
Management fees payable	14 (a)	21,269	2,106
Performance fees payable	14 (a)	23,319	6,771
Other payables	12	128,023	30,363
Financial liabilities held at fair value through profit or loss	5	5,050	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>651,326</b>	<b>39,240</b>
<b>Net assets attributable to unitholders - liability</b>		<b>4,880,093</b>	<b>1,241,313</b>

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 2014

	Year ended 30 June 2014 \$	Period from 1 May 2012 to 30 June 2013 \$
<b>Total equity at the beginning of the period</b>		
Profit /(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as equity holders	-	-
<b>Total equity at the end of the financial period</b>	-	-

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 2014

	Year ended 30 June 2014	Period from 1 May 2012 to 30 June 2013
Note	\$	\$
<b>Cash flows from operating activities</b>		
Proceeds from purchase of financial instruments held at fair value through profit or loss	(12,304,448)	(883,186)
Proceeds from sales of financial instruments held at fair value through profit or loss	9,606,807	105,892
Dividends received	76,670	-
Interest received	26,965	-
Management fees paid	(91,721)	-
Other receipts	-	30,870
Other payments	(46,115)	(1,135)
Net cash used in operating activities	9 (b) (2,731,842)	(747,559)
<b>Cash flows from financing activities</b>		
Proceeds from unitholder applications	4,011,909	1,229,000
Payments for unitholder redemptions	(422,733)	-
Net cash provided by financing activities	3,589,176	1,229,000
Net increase in cash and cash equivalents	857,334	481,441
Cash and cash equivalents at the beginning of the period	481,441	-
<b>Cash and cash equivalents at the end of the period</b>	9 (a) <b>1,338,775</b>	<b>481,441</b>

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 financial statements were authorised for issue by the directors of the Responsible Entity on 26 September 2014. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The principal activity of the Fund is disclosed in the Directors' Report.

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

#### 2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period:

AASB 2011-4 *'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'*.

- This standard removes the individual key management personnel disclosure requirements in AASB 124 *'Related Party Disclosures'*. As a result the Fund only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. The adoption of this amending standard does not have any material impact on the financial statements.

AASB 2012-2 *'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'*

- The Fund has applied the amendments to AASB 7 *'Disclosures – Offsetting Financial Assets and Financial Liabilities'* for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Fund does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

AASB 10 *'Consolidated Financial Statements'* and AASB 2011-7 *'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'*

- The objective of AASB 10 is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The Fund has reviewed its investments in other entities to assess whether the conclusion as to whether the Fund controls an investee or not under AASB 10. The Fund does not have any subsidiaries that require consolidation under AASB 10. The amendments made by AASB 2013-5 introduce an exception from consolidation requirements for investment entities. On adoption of the amendments, the Fund has determined that it meets the definition of an investment entity. As a consequence, the Fund does not consolidate its investments, but accounts for them at fair value through profit or loss.

## Notes to the Financial Statements

**2. Adoption of New and Revised Accounting Standards (continued)****2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods) (continued)**

*AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'*

- AASB 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant.

- *Change to bid/ask prices for actively quoted financial instruments*  
AASB 13 also removes the requirement to use bid/ask prices for actively quoted financial instruments. Rather the most representative price within the bid/ask spread is used. The Fund has elected to use the last traded price and the directors will ensure that the last traded price used by the Fund, at the balance sheet date falls within the bid/ask spread as at that date. Where it falls outside the bid/ask spread, an alternative basis most representative of fair value within the bid/ask spread, will be used.

AASB 13 allows prospective application of the change to bid and ask prices hence fair value measurements in previous periods have not changed. If the standard was to be retrospectively applied the impact on net assets would have been \$1,028, which is the difference between net market value (for net tangible asset reporting) and fair value (financial statements) of the financial assets held at fair value through profit or loss.

Standards and Interpretations that are not expected to have a material impact on the Fund have not been included.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 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:

*AASB 9 'Financial Instrument' (2009 or 2010 version), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards' - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instrument' (effective for annual reporting periods beginning on or after 1 January 2017).*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2017 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

The Fund has not yet decided when to adopt AASB 9.

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.

**Notes to the Financial Statements****3. Significant Accounting Policies*****a) Statement of Compliance***

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

Compliance with Australian Accounting Standards, as issued by the AASB, ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Consequently, these financial statements have been prepared in accordance with and comply with IFRS as issued by the IASB.

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

***b) Basis of preparation***

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

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

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance sheet date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

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

***c) Going concern basis***

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

***d) Revenue and income recognition*****Revenue**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Changes in fair value of financial assets and liabilities are recognised in profit or loss in the year in which the changes occur.

**Distributions**

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

**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, 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 held at fair value through profit or loss are re-valued to fair value at each reporting date.

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

The fair value of financial assets traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Fund is the current close price. For further details on how the fair values have been determined, please refer to note 5.

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.

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

As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

***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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

## Notes to the Financial Statements

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

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

***m) Applications and redemptions***

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

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

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

For all of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in note 5 of these financial statements.

***p) Goods and services tax ("GST")***

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

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

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

## Notes to the Financial Statements

**4. 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 2014 (2013: \$ nil). No individual investment, other than cash, exceeded 10% of the net assets attributable to unit holders at 30 June 2014 (2013: 10%). The Fund only has a material credit risk exposure to the banks that holds the Fund's cash assets at 30 June 2014.

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

	30 June 2014 \$	30 June 2013 \$
AA -	63,167	39,342
A -	1,275,608	442,099
	<b>1,338,775</b>	<b>481,441</b>

**(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.

**Notes to the Financial Statements**
**4. Financial Risk Management (continued)**
**a) Credit risk (continued)**
**(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.

**(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 as at 30 June 2014 or for the period then ended (2013: \$ nil).

**(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 \$
<b>30 June 2014</b>			
<b>Assets</b>			
Cash and cash equivalents	1,338,775	-	1,338,775
Dividends receivable	-	9,464	9,464
Interest receivable	-	3,286	3,286
Other assets	-	184,125	184,125
Financial assets at fair value through profit or loss	-	3,995,769	3,995,769
Total assets	1,338,775	4,192,644	5,531,419
<b>Liabilities</b>			
Distribution payable	-	473,665	473,665
Management fees payable	-	21,269	21,269
Performance fees payable	-	23,319	23,319
Other payables	-	128,023	128,023
Financial liabilities at fair value through profit or loss	-	5,050	5,050
Total liabilities excluding net assets attributable to unitholders	-	651,326	651,326
<b>Net exposure</b>	<b>1,338,775</b>	<b>3,541,318</b>	<b>4,880,093</b>

## Notes to the Financial Statements

## 4. Financial Risk Management (continued)

## b) Market risk (continued)

## (ii) Interest rate risk (continued)

	Floating interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2013</b>			
<b>Assets</b>			
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
<b>Total assets</b>	<b>481,441</b>	<b>799,112</b>	<b>1,280,553</b>
<b>Liabilities</b>			
Management fees payable	-	2,106	2,106
Performance fees payable	-	6,771	6,771
Other payables	-	30,363	30,363
<b>Total liabilities excluding net assets attributable to unitholders</b>	<b>-</b>	<b>39,240</b>	<b>39,240</b>
<b>Net exposure</b>	<b>481,441</b>	<b>759,872</b>	<b>1,241,313</b>

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

	Change in basis points increase/(decrease)	Effect on operating profit and net assets attributable to unitholders
<b>Year ended 30 June 2014</b>		
AUD interest rate	25bp/(25bp)	3,347/(3,347)
<b>Period from 1 May 2012 to 30 June 2013</b>		
AUD interest rate	25bp/(25bp)	1,204/(1,204)

## (iii) Price risk

The Fund is exposed to equity securities and derivative price risk.

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

The Fund's policy also limits individual equity securities to no more than 10% of net assets attributable to unitholders. The Fund had no concentrations in individual equity positions exceeding 7% (2013: 8%) of the net assets attributable to unitholders at 30 June 2014.

**Notes to the Financial Statements**
**4. Financial Risk Management (continued)**
**b) Market risk (continued)**
**(iii) Price risk (continued)**

The majority of the Fund's equity investments are publicly traded and are included in the ASX 200 Index. Compliance with the Fund's Product Disclosure Statement and monitoring the Fund's target benchmark which is the S&P/ASX200 Accumulation Index helps to mitigate price risk.

The Investment Manager also believes that, on review of many markets globally, no individual style or method of investing will always ensure outperformance in terms of return on investment. In light of this, the Investment Manager may adopt a 'value', 'growth' or 'momentum' style portfolio bias, for example, depending on where the market is in its investment cycle.

As at 30 June 2014, a positive 10% sensitivity would have had an impact on the Fund's operating profit and net assets attributable to unitholders of \$399,072 (2013: \$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.

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

The Fund's listed securities are considered readily realisable, as they are listed on the Australian Stock Exchange.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemption during the year ended 30 June 2014 (2013: \$ nil).

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2014 to the contractual maturity date. Units are redeemed on demand at the unitholder's option. However, the Directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	30 June 2014						Total
	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	
Liabilities	\$	\$	\$	\$	\$	\$	\$
Distribution payable	-	473,665	-	-	-	-	473,665
Management fees payable	-	-	21,269	-	-	-	21,269
Performance fees payable	-	-	23,319	-	-	-	23,319
Other payables	-	-	128,023	-	-	-	128,023
Financial liabilities at fair value through profit or loss	-	-	-	-	-	5,050	5,050
Net assets attributable to unitholders	4,880,093	-	-	-	-	-	4,880,093
<b>Total liabilities</b>	<b>4,880,093</b>	<b>473,665</b>	<b>172,611</b>	<b>-</b>	<b>-</b>	<b>5,050</b>	<b>5,531,419</b>

**Notes to the Financial Statements**
**4. Financial Risk Management (continued)**
**c) Liquidity risk (continued)**
**30 June 2013**

	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>1,241,313</b>	<b>-</b>	<b>32,469</b>	<b>6,771</b>	<b>-</b>	<b>-</b>	<b>1,280,553</b>

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

**5. Investments in Financial Instruments**
**Financial assets held at fair value through profit or loss**

	30 June 2014 \$	30 June 2013 \$
<b>Financial assets held at fair value through profit or loss</b>		
Comprising:		
Investments in equity securities		
Investments in listed securities	3,992,169	791,082
<b>Total equity securities</b>	<b>3,992,169</b>	<b>791,082</b>
Investments in derivatives		
Investments in listed futures	-	4,850
Investments in listed equity options	3,600	-
<b>Total derivatives</b>	<b>3,600</b>	<b>4,850</b>
<b>Total financial assets held at fair value through profit or loss</b>	<b>3,995,769</b>	<b>795,932</b>

**Financial liabilities held at fair value through profit or loss**

	30 June 2014 \$	30 June 2013 \$
<b>Financial liabilities held at fair value through profit or loss</b>		
Comprising:		
Investments in derivatives		
Investments in listed futures	5,050	-
<b>Total derivatives</b>	<b>5,050</b>	<b>-</b>
<b>Total financial liabilities held at fair value through profit or loss</b>	<b>5,050</b>	<b>-</b>



## Notes to the Financial Statements

## 5. Investments in Financial Instruments (continued)

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 4 to the financial statements.

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.

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

The following table shows an analysis of financial instruments held at 30 June 2014 and 30 June 2013, recorded at fair value and presented by level of the fair value hierarchy:

	30 June 2014			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investments in equity securities	3,992,169	-	-	3,992,169
Investments in derivatives	3,600	-	-	3,600
<b>Total financial assets held at fair value through profit or loss</b>	<b>3,995,769</b>	<b>-</b>	<b>-</b>	<b>3,995,769</b>
	30 June 2013			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investments in equity securities	791,082	-	-	791,082
Investments in derivatives	4,850	-	-	4,850
<b>Total financial assets held at fair value through profit or loss</b>	<b>795,932</b>	<b>-</b>	<b>-</b>	<b>795,932</b>

**Notes to the Financial Statements**
**5. Investments in Financial Instruments (continued)**

	30 June 2014			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Financial liabilities</b>				
Investments in derivatives	5,050	-	-	5,050
<b>Total financial liabilities held at fair value through profit or loss</b>	<b>5,050</b>	<b>-</b>	<b>-</b>	<b>5,050</b>

As at 30 June 2013 the Fund had no financial liabilities at fair value through profit or loss.

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels during the period.

**Disclosed fair values**

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

**6. Net gains on financial instruments held at fair value through profit or loss**

	Year ended 30 June 2014 \$	Period from 1 May 2012 to 30 June 2013 \$
Unrealised gain on financial assets held at fair value through profit or loss	49,174	20,797
Realised gain on financial assets held at fair value through profit or loss	492,824	(2,159)
<b>Net fair value gain on financial assets held at fair value through profit or loss</b>	<b>541,998</b>	<b>18,638</b>

**7. Net Assets Attributable to Unitholders**

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

**Year ended 30 June 2014**

	No. of Units	\$
Opening balance as at 1 July 2013	1,229,000	1,241,313
Applications for units by unitholders	3,463,104	4,011,909
Redemptions of units by unitholders	(351,520)	(433,222)
Increase in net assets attributable to unitholders	-	60,093
<b>Closing balance as at 30 June 2014</b>	<b>4,340,584</b>	<b>4,880,093</b>

**Period from 1 May 2012 to 30 June 2013**

	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
<b>Closing balance as at 30 June 2013</b>	<b>1,229,000</b>	<b>1,241,313</b>

**Notes to the Financial Statements**
**7. Net Assets Attributable to Unitholders (continued)**

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

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

**8. Capital Risk Management**

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. 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.

**9. 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 2014 \$	30 June 2013 \$
Cash and cash equivalents	<b>1,338,775</b>	<b>481,441</b>

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

	Year ended 30 June 2014 \$	Period from 1 May 2012 to 30 June 2013 \$
<b>Profit/(loss) for the period</b>	-	-
<b>Increase in net assets attributable to unitholders</b>	<b>533,758</b>	<b>12,313</b>
Change in value of financial assets held at fair value through profit or loss	(541,998)	(18,638)
Proceeds from purchase of financial assets held at fair value through profit or loss	(12,304,448)	(883,186)
Proceeds from sales of financial assets held at fair value through profit or loss	9,606,807	105,892
<b>Change in assets and liabilities:</b>		
Increase in receivables and other assets	(27,917)	(3,180)
Increase in payables and other payables	1,956	39,240
<b>Net cash used in operating activities</b>	<b>(2,731,842)</b>	<b>(747,559)</b>

**Notes to the Financial Statements**
**9. Cash and Cash Equivalents (continued)**
**(c) Non-cash financing activities**

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

Year ended 30 June 2014 \$	Period from 1 May 2012 to 30 June 2013 \$
-	-

**10. Auditor's Remuneration**

The auditor of the Fund is PricewaterhouseCoopers. Auditor's remuneration for the year ended 30 June 2014 was paid by the Responsible Entity (refer to note 14).

	Year ended 30 June 2014 \$	Period from 1 May 2012 to 30 June 2013 \$
<b>Audit and other assurance services</b>		
Audit of the compliance plan	2,244	2,200
Audit of the financial statements	10,098	10,098
<b>Total remuneration for audit and other assurance services</b>	<b>12,342</b>	<b>12,298</b>

**11. Other Assets**

	30 June 2014 \$	30 June 2013 \$
GST receivable	3,183	675
Receivable for investments sold	161,960	-
General fund expense receivable	3,392	-
Prepaid legal fees	15,590	-
<b>Total other assets</b>	<b>184,125</b>	<b>675</b>

## Notes to the Financial Statements

## 12. Other Payables

	30 June 2014 \$	30 June 2013 \$
Commission payable	15	
Payable for investments purchased	117,519	
Payable to OMIFL to pay service providers	-	30,342
Redemptions payable	10,489	21
<b>Total other payables</b>	<b>128,023</b>	<b>30,363</b>

## 13. Distributions

	30 June 2014		30 June 2013	
	\$	Cents per unit	\$	Cents per unit
Distribution payable	473,665	10.91	-	-
<b>Total distribution</b>	<b>473,665</b>	<b>10.91</b>	<b>-</b>	<b>-</b>

## 14. Related Party Transactions

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

The responsible entity of the Fund is OMIFL. 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 \$80,542 (1 May 2012 to 30 June 2013: \$1,986) were incurred during the period.
- Management fees payable at 30 June 2014 were \$21,269 (2013: \$2,106).

The amount payable to OMIFL to pay service providers, disclosed in note 12 represents \$ nil (2013: \$30,342) received in advance by the Fund 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.

## Notes to the Financial Statements

### 14. Related Party Transactions (continued)

#### b) Performance Fees Paid and Payable

The investment manager of the Fund is APSEC Funds Management Pty Ltd. 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 2014:

- Performance fees of \$15,419 (1 May 2012 to 30 June 2013: \$6,310) were incurred during the period.
- Performance fees payable at 30 June 2014 were \$23,319 (2013: \$6,771).

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	Non-executive 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 2014 (2013: nil).

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

#### Key Management Compensation

Key management personnel of the Responsible Entity have not been compensated out of the Fund during the period ended 30 June 2014 (1 May 2012 to 30 June 2013: \$ nil).

##### 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

**Notes to the Financial Statements**
**14. Related Party Transactions (continued)**
**c) Key management personnel (continued)**
**ii) Other Key Management Personnel (continued)**
**Other Key Management Personnel Unitholdings**

	30 June 2014		30 June 2013	
	Units held	% of the Fund	Units held	% of the Fund
Nicolas Bryon	-	0.00%	-	0.00%
George Paxton	25,538	0.59%	-	0.00%
	<b>25,538</b>	<b>0.59%</b>	<b>-</b>	<b>0.00%</b>

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 2014.

**15. Commitments and Contingencies**

There are no commitments or contingencies at 30 June 2014.

**16. 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.