

Atlantic Pacific Australian Equity Fund

ARSN 158 861 155

Interim report for the financial half-year ended 31 December 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 half-year ended 31 December 2014.

Responsible Entity

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

Directors

The names of the directors of the Responsible Entity, during the half-year 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 half-year 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 APSEC Funds Management Pty Ltd, the Fund's investment manager (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 half-year.

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 profit attributable to unitholders for the half-year ended 31 December 2014 was \$631,027 (31 December 2013: \$341,377).

Distributions

In respect of the financial half-year ended 31 December 2014, no distributions (31 December 2013: \$ nil) were paid to unitholders.

Directors' Report (continued)

Value of Assets and Units Issued

The total value of the Fund's assets at 31 December 2014 is \$7,671,061 (30 June 2014: \$5,531,419). The total number of units on issue as at 31 December 2014 is 6,126,552 (30 June 2014: 4,340,584).

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the half-year and as at 31 December 2014 (31 December 2013: nil).

Significant Changes in State of Affairs

During the financial half-year 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 half-year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely Developments and Expected Results of Operations

The Fund will 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 half-year, 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 has not otherwise, during or since the end of the financial half-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 is the auditor of the Fund and continues in office in accordance with section 327 of the Corporations Act 2001.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

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

A handwritten signature in black ink, appearing to read 'Frank Tearle', written in a cursive style.

Frank Tearle
Director
12 March 2015



Auditor's Independence Declaration

As lead auditor for the review of Atlantic Pacific Australian Equity Fund for the half-year ended 31 December 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 review and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'Ashley Wood'. The signature is written in a cursive, flowing style with a horizontal line underneath.

A S Wood
Partner
PricewaterhouseCoopers

12 March 2015

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Atlantic Pacific Australian Equity Fund (the registered scheme), which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the registered scheme are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the registered scheme's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the registered scheme, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Atlantic Pacific Australian Equity Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the registered scheme's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Ashley Wood'. The signature is written in a cursive style with a horizontal line underneath the name.

A S Wood
Partner

Sydney
12 March 2015

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; and
- (b) the financial statements and notes set out on pages 8 to 17 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 Fund's financial position as at 31 December 2014 and its performance for the half-year ended on that date.

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

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



Frank Tearle
Director
12 March 2015

Statement of Comprehensive Income for the half-year ended 31 December 2014

	Note	Half-year ended 31 December 2014 \$	Half-year ended 31 December 2013 \$
Income			
Net gain on financial assets held at fair value through profit or loss	4	666,885	363,305
Dividend income		81,491	27,447
Interest income		19,158	11,052
Total income		767,534	401,804
Expenses			
Management fees	7 a)	63,828	31,133
Performance fees	7 b)	53,182	15,419
Trade commissions		12,018	10,006
Other expenses		7,479	3,869
Total expenses		136,507	60,427
Operating profit attributable to unitholders		631,027	341,377
Finance costs attributable to unitholders			
Distributions to unitholders		-	-
(Increase)/decrease in net assets attributable to unitholders		(631,027)	(341,377)
Profit/(loss) for the half-year		-	-
Comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the half-year		-	-

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

Statement of Financial Position as at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
Assets			
Cash and cash equivalents		3,156,045	1,338,775
Dividends receivable		-	9,464
Interest receivable		5,087	3,286
Other assets		29,999	184,125
Financial assets at fair value through profit or loss	5	4,479,930	3,995,769
Total assets		7,671,061	5,531,419
Liabilities			
Distribution payable		-	473,665
Management fees payable	7 a)	45,787	21,269
Performance fees payable	7 b)	65,068	23,319
Other payables		(17,494)	128,023
Financial liabilities at fair value through profit or loss	5	-	5,050
Total liabilities (excluding net assets attributable to unitholders)		93,361	651,326
Net assets attributable to unitholders - liability	6	7,577,700	4,880,093

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

Statement of Changes in Equity for the half-year ended 31 December 2014

	Half-year ended 31 December 2014 \$	Half-year ended 31 December 2013 \$
Total equity at the beginning of the half-year		
Profit /(loss) for the half-year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as equity holders	-	-
Total equity at the end of the financial half-year	-	-

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

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

Statement of Cash Flows for the half-year ended 31 December 2014

	Half-year ended 31 December 2014	Half-year ended 31 December 2013
Note	\$	\$
Cash flows from operating activities		
Interest received	17,357	10,850
Dividends received	90,955	28,371
Other income received	-	956
Other payments in the course of operations (inc GST)	(100,180)	(73,311)
Payments for purchase of financial assets held at fair value through profit or loss	(7,316,266)	(8,013,969)
Proceeds from sale of financial assets held at fair value through profit or loss	7,538,485	5,084,644
Net cash provided by/(used in) operating activities	230,351	(2,962,459)
Cash flows from financing activities		
Proceeds from unitholder applications	1,843,500	3,317,000
Payments for unitholder redemptions	(57,589)	-
Distributions paid to unitholders	(198,992)	-
Net cash provided by financing activities	1,586,919	3,317,000
Net increase in cash and cash equivalents	1,817,270	354,541
Cash and cash equivalents at the beginning of the half-year	1,338,775	481,441
Cash and cash equivalents at the end of the half-year	3,156,045	835,982

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 11, 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 12 March 2015. 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

a) Standards and Interpretations affecting amounts reported in the current year (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current half - year and have affected the amounts reported in these financial statements.

AASB 1031 'Materiality'

- The AASB has revised and reissued AASB 1031 Materiality as an interim step in its plans to completely withdraw this standard. The interim step is necessary because AASB 1031 is referred to in all of the board's standards and interpretations, making it impractical to withdraw AASB 1031 until all these standards have been amended. Instead the AASB has amended AASB 1031 to remove the existing guidance on materiality contained therein and instead cross-reference to other Standards and the new conceptual framework document '*Framework for the Preparation and Presentation of Financial Statements*' that contain guidance on materiality. The board will then progressively remove references to AASB 1031 in all other standards and interpretations. Once all these references have been removed, AASB 1031 will be withdrawn. The amendment has not had a significant impact on the Fund.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'

- This standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 'Financial Instruments: Presentation' and clarifies the meaning of '*currently has a legally enforceable right of set-off*' and '*simultaneous realisation and settlement*'. 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 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'

- This standard amends AASB 139 '*Financial Instruments: Recognition and Measurement*' to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. As the Fund does not apply hedge accounting, the application of the amendments does not have any material impact on the financial statements.

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'

- This standard provides an exemption from consolidation of subsidiaries under AASB 10 '*Consolidated Financial Statements*' for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in a particular subsidiaries at fair value through profit or loss in accordance with AASB 9 '*Financial Instruments*' or AASB 139 '*Financial Instruments: Recognition*'

Notes to the Financial Statements

2. Adoption of New and Revised Accounting Standards (continued)

b) Standards and Interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 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.

3. Significant Accounting Policies

a) Statement of Compliance

The half-year report has been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'.

This half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this half-year report shall be read in conjunction with the annual report for the year ended 30 June 2014.

b) Basis of preparation

This financial report for the half-year reporting period ended 31 December 2014, 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 Fund is a for-profit entity for the purpose of preparing these financial statements.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Fund's annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described in Note 2 a). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The preparation of financial statements in conformity with Australian Accounting Standards can require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions can be based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which would form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There was no use of judgments, estimates and assumptions in determining the carrying values of assets, liabilities, income and expenses as at 31 December 2014.

Notes to the Financial Statements
3. Significant Accounting Policies (continued)
b) Basis of preparation (continued)

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

4. Net gain on financial assets held at fair value through profit or loss

	Half-year ended 31 December 2014 \$	Half-year ended 31 December 2013 \$
Unrealised gain on financial assets designated at fair value through profit or loss	93,332	98,881
Realised gain on financial assets designated at fair value through profit or loss	573,553	264,424
Net fair value gain on financial assets designated at fair value through profit or loss	666,885	363,305

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

	31 December 2014 \$	30 June 2014 \$
Financial assets held at fair value through profit or loss		
Comprising:		
Investments in equity securities		
Investments in listed securities	4,477,530	3,992,169
Total equity securities	4,477,530	3,992,169
Investments in derivatives		
Investments in listed futures	-	-
Investments in listed equity options	2,400	3,600
Total derivatives	2,400	3,600
Total financial assets held at fair value through profit or loss	4,479,930	3,995,769

Financial liabilities held at fair value through profit or loss

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

Notes to the Financial Statements
5. Investments in Financial Instruments (continued)
Fair value hierarchy

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

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 31 December 2014 and 30 June 2014, recorded at fair value and presented by level of the fair value hierarchy:

31 December 2014				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Investments in equity securities	4,477,530	-	-	4,477,530
Investments in derivatives	2,400	-	-	2,400
Total financial assets held at fair value through profit or loss	4,479,930	-	-	4,479,930
30 June 2014				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Investments in equity securities	3,992,169	-	-	3,992,169
Investments in derivatives	3,600	-	-	3,600
Total financial assets held at fair value through profit or loss	3,995,769	-	-	3,995,769

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

	31 December 2014			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial liabilities				
Investments in derivatives	-	-	-	-
Total financial liabilities held at fair value through profit or loss	-	-	-	-

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

The fair value of financial instruments above was determined using the last traded quoted price in an active market.

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 half-year.

Disclosed fair values

The carrying value for all financial instruments other than those measured at fair value approximates fair value.

6. Net Assets Attributable to Unitholders
Half-year ended 31 December 2014

	No. of Units	\$
Opening balance as at 1 July 2014	4,340,584	4,880,093
Applications for units by unitholders	1,585,134	1,843,500
Reinvestments by unitholders	240,310	270,180
Redemptions of units by unitholders	(39,476)	(47,100)
Increase in net assets attributable to unitholders	-	631,027
Closing balance as at 31 December 2014	6,126,552	7,577,700

Half-year ended 31 December 2013

	No. of Units	\$
Opening balance as at 1 July 2013	1,229,000	1,241,313
Applications for units by unitholders	2,889,315	3,317,000
Increase in net assets attributable to unitholders	-	341,377
Closing balance as at 31 December 2013	4,118,315	4,899,690

Notes to the Financial Statements**7. Related Party Transactions*****a) 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 ("Admin Fees") to the Fund out of the management fee. If, at any time the management fee charged by the Responsible Entity is not sufficient to meet the Admin Fees and the Investment Manager has not paid the Admin Fees, then the Fund will pay the Admin 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 half-year ended 31 December 2014:

- Management fees of \$63,828 (31 December 2013: \$31,133) were incurred during the period.
- Management fees payable at 31 December 2014 were \$45,787 (30 June 2014: \$21,269)

b) 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 half-year ended 31 December 2014:

- Performance fees of \$53,182 (31 December 2013: \$15,419) were incurred during the period.
- Performance fees payable at 31 December 2014 were \$65,068 (30 June 2014: \$23,319).

8. Contingent Assets, Liabilities and Commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2014 (30 June 2014: \$ nil).

9. Subsequent Events

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