

**Orca Global Fund**

**(formerly known as Evans & Partners Global Flagship Fund)**

ARSN 624 216 404

**Annual report**

**For the year ended June 30, 2021**

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These financial statements cover Orca Global Fund as an individual entity.

The Responsible Entity of Orca Global Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

## **Directors' Report**

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity (the "Responsible Entity") of Orca Global Fund (the "Fund"). The Directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Fund for the year ended June 30, 2021.

### **Principal Activities**

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund invests into a diversified portfolio of global listed equities in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

### **Significant changes in state of affairs**

Effective January 29, 2021, the Fund was removed from the official list of the ASX pursuant to a special resolution passed on December 2, 2020 and has transitioned from a listed investment trust to an unlisted open-ended unit trust. Effective February 1, 2021, The Trust Company (RE Services) Limited replaced E&P Investments Limited as Responsible Entity of the Fund as an inter-conditional resolution approved on December 2, 2020 that the new responsible entity became effective upon the removal of the Fund from the official list.

On October 29, 2020, when the Fund was still listed, the Fund announced a 12-month on-market buy-back program (the previous 12-month on-market buy-back program was announced October 25, 2019). During the year ended June 30, 2021, 15,365,074 units were bought back at an average buy back price of \$1.51 per unit.

The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

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

### **Directors**

The Directors of E&P Investments Limited from July 1, 2020 to January 31, 2021 are shown below. The Directors were in office for this entire period:

#### **Name**

Stuart Nisbett  
Peter Shear  
Warwick Keneally  
Mike Adams

The Directors of The Trust Company (RE Services) Limited from February 1, 2021 and up to the date of this report are shown below. The Directors were in office for this entire period:

#### **Name**

Vicki Riggio	
Richard McCarthy	
Simone Mosse	
Glenn Foster	Appointed as a Non-executive Director on February 1, 2021
Phillip Blackmore	Alternate Director for Vicki Riggio

## Directors' Report (continued)

### Review and results of operations

During the year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution, to provide attractive risk-adjusted returns over the long term by investing in a portfolio of high quality global listed equities.

### Results

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

	<b>Year Ended</b>	
	<b>June 30, 2021</b>	June 30, 2020
Operating profit/(loss) for the year (\$'000)	<b>22,443</b>	7,400
Distributions paid and payable (\$'000)	<b>4,718</b>	15,484
Distributions (cents per unit)	<b>6.28</b>	15.77

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since June 30, 2021 that has significantly affected, or may significantly affect:

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

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

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

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund's property during the year are disclosed in Note 12 of the financial statements.

No fees were paid out of the Fund's property to the Directors of the Responsible Entity during the year.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 of the financial statements.

### Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in Note 2 of the financial statements.

## Directors' Report (continued)

### Environmental regulation

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

### Rounding of amounts to the nearest thousand dollars

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

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director  
The Trust Company (RE Services) Limited

Sydney  
October 22, 2021



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of The Trust Company (RE Services) Limited (the Responsible Entity) of Orca Global Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Orca Global Fund for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jessica Davis

*Partner*

Sydney

22 October 2021

**Orca Global Fund**  
**Statement of comprehensive income**  
**For the year ended June 30, 2021**

**Statement of comprehensive income**

		Year ended	
		June 30, 2021	June 30, 2020
		\$'000	\$'000
	Notes		
<b>Investment income</b>			
Dividend and distribution income		1,960	2,615
Interest income		2	22
Net gains/(losses) on financial instruments at fair value through profit or loss	5	23,291	8,043
Net foreign currency gain/(loss)		(941)	(738)
Other Income		53	-
<b>Total investment income/(loss)</b>		<u>24,365</u>	<u>9,942</u>
<b>Expenses</b>			
Responsible Entity's fees	12	56	77
Management fees	12	1,624	2,211
Performance fees	12	102	167
Administration and custody fees		40	-
Transaction costs		40	87
Other operating expenses		60	-
<b>Total operating expenses</b>		<u>1,922</u>	<u>2,542</u>
<b>Profit/(loss) for the year</b>		<u>22,443</u>	<u>7,400</u>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<u>22,443</u>	<u>7,400</u>

*The above Statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Statement of financial position**

	Notes	As at	
		June 30, 2021 \$'000	June 30, 2020 \$'000
<b>Assets</b>			
Cash and cash equivalents	9	1,679	14,318
Dividends and distributions receivable		123	220
GST receivable		54	49
Due from brokers - receivable for securities sold		836	-
Financial assets at fair value through profit or loss	6	110,718	145,690
<b>Total assets</b>		<b>113,410</b>	<b>160,277</b>
<b>Liabilities</b>			
Distributions payable	8	2,002	12,056
Management fees payable	12	100	-
Performance fees payable	12	102	-
Responsible Entity's fees payable	12	11	-
Due to brokers - payable for securities purchased		-	85
Other payables		8	-
<b>Total liabilities</b>		<b>2,223</b>	<b>12,141</b>
<b>Net assets attributable to unitholders - equity</b>	7	<b>111,187</b>	<b>148,136</b>

*The above Statement of financial position should be read in conjunction with the accompanying notes.*

**Statement of changes in equity**

	Notes	Issued capital \$'000	Accumulated gains/(losses) \$'000	Total equity \$'000
<b>Balance at July 1, 2019</b>		177,888	10,319	188,207
Profit after income tax expense for the year		-	7,400	7,400
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		-	7,400	7,400
Transactions with unitholders in their capacity as unitholders:				
Issued capital	7	8,590	-	8,590
Unit buy-backs	7	(40,473)	-	(40,473)
Buy-back costs	7	(104)	-	(104)
Distributions paid or payable	7	-	(15,484)	(15,484)
<b>Balance at June 30, 2020</b>		145,901	2,235	148,136
		Issued capital \$'000	Accumulated gains/(losses) \$'000	Total equity \$'000
<b>Balance at July 1, 2020</b>		145,901	2,235	148,136
Profit after income tax expense for the year		-	22,443	22,443
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		-	22,443	22,443
Transactions with unitholders in their capacity as unitholders:				
Applications	7	420	-	420
Redemptions	7	(42,229)	-	(42,229)
Unit buy-backs	7	(23,244)	-	(23,244)
Buy-back costs	7	(58)	-	(58)
Units issued upon reinvestment of distributions	7	10,437	-	10,437
Distributions paid or payable	7	(4,718)	-	(4,718)
<b>Balance at June 30, 2021</b>		86,509	22,443	111,187

*The above Statement of changes in equity should be read in conjunction with the accompanying notes.*

**Statement of cash flows**

		Year ended	
		June 30, 2021	June 30, 2020
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Dividends and distributions received		2,057	2,586
Interest received		2	28
Net foreign currency gains/(losses)		(948)	-
Other income received		53	-
Management and administration fees paid		(1,564)	(2,677)
Responsible Entity's fees paid		(45)	-
Other operating expenses paid		(96)	(72)
<b>Net cash inflow/(outflow) from operating activities</b>	10 (a)	<b>(541)</b>	<b>(135)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of financial instruments at fair value through profit or loss		(21,664)	(26,468)
Proceeds from sale of financial instruments at fair value through profit or loss		79,006	78,429
<b>Net cash inflow/(outflow) from investing activities</b>		<b>57,342</b>	<b>51,961</b>
<b>Cash flows from financing activities</b>			
Payments of buy-back costs		-	(103)
Payments for unit buy-backs		(23,244)	(40,632)
Distributions paid		(4,335)	(4,789)
Proceeds from applications by unitholders		420	-
Payments for redemptions by unitholders		(42,287)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(69,446)</b>	<b>(45,524)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(12,645)</b>	6,302
Cash and cash equivalents at the beginning of the year		14,318	8,558
Effects of foreign currency exchange rate changes on cash and cash equivalents		6	(542)
<b>Cash and cash equivalents at the end of the year</b>	9	<b>1,679</b>	<b>14,318</b>
Non-cash operating and financing activities	10 (b)	<b>10,437</b>	-

*The above Statement of cash flows should be read in conjunction with the accompanying notes.*

**Notes to the financial statements**

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## **1 General information**

These financial statements cover Orca Global Fund (the "Fund") as an individual entity. The Fund was constituted on 14 June 2012. The Fund will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity of the Fund (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000. The Responsible Entity is incorporated and domiciled in Australia.

The investment manager of the Fund is Orca Funds Management Pty Limited (the "Investment Manager").

The investment objective of the Fund is to provide attractive risk-adjusted returns over the medium to long term by investing in a portfolio of global listed equities in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The financial statements of the Fund are for the year ended June 30, 2021. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on October 22, 2021. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

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 twelve months, except for investments in financial assets and financial liabilities at fair value through profit or loss 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 twelve months, however, an estimate of that amount cannot be determined as at year end.

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

#### *(i) Compliance with International Financial Reporting Standards (IFRS)*

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *(ii) New and amended standards adopted by the Fund*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning July 1, 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

(iii) *New standards, amendments and interpretations effective after July 1, 2021 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after July 1, 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

### (b) Financial instruments

(i) *Classification*

The Fund's investments are classified at fair value through profit or loss. They comprise:

- Financial assets:

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

- Financial liabilities (excluding net assets attribute to unitholders):

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (Responsible Entity's fees payable, management fees payable, administration and custody fees payable, due to brokers, distributions payable and other payables).

(ii) *Recognition and derecognition*

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

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

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

(iii) *Measurement*

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Further details on how the fair value of financial instruments are determined are disclosed in Note 4.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (iv) Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

#### (v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

At the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the Statement of financial position.

### (c) Net assets attributable to unitholders

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

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net assets attributable to unitholders. The units are carried at the redemption amount that is payable at balance sheet date if the unitholders exercises their right to put the units back to the Fund.

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Fund classifies the net assets attributable to unitholders as equity as they satisfy the following criteria:

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

The Fund's units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the year.

### (d) Cash and cash equivalents

Cash comprises deposits held at custodian bank(s). Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

## 2 Summary of significant accounting policies (continued)

### (e) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the Statement of comprehensive income within dividend and distribution income when the Fund's right to receive payments is established.

Dividend and distribution income are recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of comprehensive income.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

Other income is recognised on an accruals basis.

### (f) Expenses

All expenses, including management fees, performance fees, Responsible Entity's fees, administration fees and custody fees, are recognised in the Statement of comprehensive income on an accrual basis.

### (g) Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

The Scheme is not subject to income tax provided the taxable income of the Scheme is attributed in full to its unitholders each financial year either by way of cash or reinvestment. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

### (h) Distributions

Distributions are payable as set out in the Fund's offering document. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

#### (i) Distribution Reinvestment Plan (DRP)

The Fund's DRP was available to eligible unitholders during the year ended June 30, 2021. Under the terms of the DRP, eligible unitholders are able to elect to reinvest their distribution in additional units. Units are issued and/or transferred to DRP participants at a price that is determined by the Responsible Entity in accordance with the DRP rules.

Before February 1, 2021, investors who participated in the DRP received units at an issue price that includes a 5% discount to the Net Asset Value (NAV) per unit. The full cost of the discount was paid by the Responsible Entity in its personal capacity and is recognised as a receivable in the Statement of Financial Position.

No discount has been applied to the units issued under the DRP in respect of the distributions paid during the period from February 1, 2021 to June 30, 2021.

### (i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equities, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

## 2 Summary of significant accounting policies (continued)

### (j) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

#### (ii) Transactions and balances

Assets and liabilities in foreign currencies are translated into the functional currency at the prevailing exchange rate at the valuation date. Transactions denominated in foreign currencies are translated into the functional currency at the prevailing exchange rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income. The Fund's income earned and expense incurred on foreign denominated balances are translated into the functional currency at the prevailing exchange rate on the date of such activity.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

### (k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

### (l) Receivables

Receivables may include amounts for interest, dividends and trust distributions. Interest is accrued at each dealing date in accordance with policy set out in Note 2(e) above. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

Receivables are recognised at amortised cost using the effective interest method, less any allowance for expected credit losses. To measure the expected credit losses, receivables have been grouped based on days overdue.

The amount of the impairment loss, if any, is recognised in the Statement of comprehensive income 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 the Statement of comprehensive income.

### (m) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting year.

Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the Statement of financial position.

### (n) 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.

## 2 Summary of significant accounting policies (continued)

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

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodian services and management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") at a rate of at least 55%, hence Management fees, Administration and custody fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

### (p) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, including unquoted securities are fair valued using valuation techniques determined by the Investment Manager, in accordance with the valuation procedures approved by the Responsible Entity. Where valuation techniques (for example, pricing calculations) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require Investment Manager to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other balances reported on Statement of financial position, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### (q) Rounding of amounts

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

### (r) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## 3 Financial risk management

### (a) Overview

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Fund; and
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

### 3 Financial risk management (continued)

#### (b) Market risk

Market risk is the risk that changes in market risk factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

##### (i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

As the majority of the Fund's financial instruments are carried at fair value with changes in fair value recognised in the Statement of comprehensive income, all changes in market conditions will directly affect investment income.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

The Fund manages market price risk by establishing limits as to the types and degrees of risk that may be undertaken. Additionally, the Fund monitors the fluctuation in its value and compares these fluctuations to its risk objective.

As at year end, the overall market exposures were as follows:

	Fair value \$'000	% of net asset attributable to unitholders
<b>As at June 30, 2021</b>		
<b>Financial assets at fair value through profit or loss</b>		
Equity investments - listed	102,970	92.61
Managed funds - unlisted	7,748	6.97
Total Financial Assets	110,718	
<b>As at June 30, 2020</b>		
<b>Financial assets at fair value through profit or loss</b>		
Equity investments - listed	138,646	93.59
Managed funds - unlisted	7,044	4.76
Total Financial Assets	145,690	

The table in Note 3(c) summarises the impact of an increase/decrease of underlying investment prices on the Fund's operating profit and net assets attributable to unitholders. The analysis is based on the assumption that the underlying investment prices changed by +/- 15% (2020: +/-15%) from the year end prices with all other variables held constant.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to interest rate risk is limited to cash deposits. The Fund currently does not hedge against this exposure.

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Fund to interest rate risk.

### 3 Financial risk management (continued)

#### (b) Market risk (continued)

##### (ii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risk.

As at June 30, 2021	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	1,679	-	-	1,679
Dividends and distributions receivable	-	-	123	123
Due from brokers - receivable for securities sold	-	-	836	836
GST receivable	-	-	54	54
Financial assets at fair value through profit or loss	-	-	110,718	110,718
<b>Total financial assets</b>	<b>1,679</b>	<b>-</b>	<b>111,731</b>	<b>113,410</b>
<b>Financial liabilities</b>				
Distributions payable	-	-	2,002	2,002
Management fees payable	-	-	100	100
Responsible Entity's fees payable	-	-	11	11
Performance fees payable	-	-	102	102
Other payables	-	-	8	8
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,223</b>	<b>2,223</b>
<b>Net exposure</b>	<b>1,679</b>	<b>-</b>	<b>109,508</b>	<b>111,187</b>
As at June 30, 2020	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	14,318	-	-	14,318
Dividends and distributions receivable	-	-	220	220
GST receivable	-	-	49	49
Financial assets at fair value through profit or loss	-	-	145,690	145,690
<b>Total financial assets</b>	<b>14,318</b>	<b>-</b>	<b>145,959</b>	<b>160,277</b>
<b>Financial liabilities</b>				
Distributions payable	-	-	12,056	12,056
Due to brokers - payable for securities purchased	-	-	85	85
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>12,141</b>	<b>12,141</b>
<b>Net exposure</b>	<b>14,318</b>	<b>-</b>	<b>133,818</b>	<b>148,136</b>

The table in Note 3(c) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 100 basis points (2020: +/- 100 basis points) from the year end rates with all other variables held constant.

##### (iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has assets and liabilities denominated in currencies other than Australian dollars, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

### 3 Financial risk management (continued)

#### (b) Market risk (continued)

##### (iii) Currency risk (continued)

The table below summarises the Fund's net exposure to different major currencies:

	June 30, 2021 \$'000	June 30, 2020 \$'000
United States Dollar	69,637	96,163
Euro	14,447	27,704
Great Britain Pound	9,587	16,257
Denmark Krone	5,234	7,353
Switzerland Franc	7,326	6,428
Norway Krone	2,864	4,564
Canadian Dollar	3,783	-

The table below summarises the impact on net assets attributable to unitholders and profit/(loss) for the year as a result of increases/decreases of key exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	June 30, 2021		June 30, 2020	
	Change %	Impact (\$'000)	Change %	Impact (\$'000)
	+/-	+/-	+/-	+/-
United States Dollar	5%	3,482	5%	4,808
Euro	5%	722	5%	1,385
Great Britain Pound	5%	479	5%	813
Denmark Krone	5%	262	5%	368
Switzerland Franc	5%	366	5%	321
Norway Krone	5%	143	5%	228
Canadian Dollar	5%	189	5%	-

This represents the Investment Manager's best estimate of a reasonably possible shift in the foreign exchange rates, having regard to historical volatility of those rates. This increase or decrease in the net assets attributable to unitholders arises mainly from a change in the fair value of financial assets and liabilities at fair value through profit or loss that are denominated in other currencies.

The table in Note 3(c) below summarises the impact of an increase/decrease of foreign exchange rates on the Fund's operating profit/loss and net assets attributable to unitholders through changes in future cash flows. The analysis is based on the assumption that foreign exchange rates changed by +/- 5% from the period end rates with all other variables held constant.

#### (c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate having regard to a number of factors, including historical levels of changes in interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. 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, market and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/(loss)/ net assets attributable to unitholders					
	Price risk		Interest rate risk		Currency risk	
	+15% \$'000	-15% \$'000	+100bps \$'000	-100bps \$'000	+5% A\$'000	-5% A\$'000
As at June 30, 2021	16,608	(16,608)	17	(17)	5,644	(5,644)
As at June 30, 2020	21,854	(21,854)	143	(143)	7,923	(7,923)

### 3 Financial risk management (continued)

#### (d) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The maximum exposure to credit risk at the end of the reporting year is the carrying amount of the financial assets.

#### (i) Bank deposits, amounts due from brokers, assets held with the custodian and derivative financial instruments

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, amounts due from brokers, assets held with the custodian, derivative financial instruments and the related collateral pledged or received from counterparties.

The table below summarises these assets as at June 30, 2021 and June 30, 2020:

#### As at June 30, 2021

	\$'000	Credit rating	Source of credit rating
<b>Banks, Brokers and Custodian</b>			
JP Morgan Chase Bank N.A (Sydney Branch)	112,391	A+	S&P

#### As at June 30, 2020

	\$'000	Credit rating	Source of credit rating
<b>Banks, Brokers and Custodian</b>			
JP Morgan Chase Bank N.A (Sydney Branch)	160,009	A+	S&P

The custody balance with JP Morgan Chase Bank N.A (Sydney Branch) includes cash and cash equivalents totalling \$1,672,775 (2020: \$14,318,255) and equity investments totalling \$110,718,467 (2020: \$145,690,403).

The Fund also limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Investment Manager considers to be well established.

#### (e) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due and can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

Exposure to liquidity risk for the Fund may arise from the requirement to fund foreign exchange related cash flow requirements.

The Fund's exposure to liquidity risk is minimal. Liquidity risk is managed by ensuring sufficient cash and cash equivalents is maintained to meet ongoing operating requirements and investments are primarily held in actively traded markets.

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 redemptions during 2021.

To assess the impact of COVID-19 on the liquidity of the Fund, the Responsible Entity conducted frequent and enhanced monitoring of the liquidity of the Fund during the second half of the year.

### 3 Financial risk management (continued)

#### (e) Liquidity risk (continued)

##### (i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the reporting period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at June 30, 2021	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
Distributions payable	(2,002)	-	-	-	-
Management fees payable	(100)	-	-	-	-
Performance fees payable	(102)	-	-	-	-
Responsible Entity's fees payable	(11)	-	-	-	-
Other payables	(8)	-	-	-	-
<b>Total financial liabilities</b>	<b>(2,223)</b>	-	-	-	-

  

As at June 30, 2020	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
Distributions payable	(12,056)	-	-	-	-
Other payables	(85)	-	-	-	-
<b>Total financial liabilities</b>	<b>(12,141)</b>	-	-	-	-

### 4 Fair value measurement

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

- Financial assets at fair value through profit or loss (FVTPL) (see Note 6)

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

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

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

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

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting year without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets and financial liabilities held by the Fund is the last-traded prices.

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### 4 Fair value measurement (continued)

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and managed funds with suspended applications and withdrawals.

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

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

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

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

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

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

#### Recognised fair value measurements

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at June 30, 2021 and June 30, 2020.

As at June 30, 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Equity investments - listed	102,970	-	-	102,970
Managed funds - unlisted	-	-	7,748	7,748
<b>Total financial assets at fair value through profit or loss</b>	<b>102,970</b>	<b>-</b>	<b>7,748</b>	<b>110,718</b>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at June 30, 2020				
Financial assets at fair value through profit or loss				
Equity investments - listed	138,646	-	-	138,646
Managed funds - unlisted	-	7,044	-	7,044
<b>Total financial assets at fair value through profit or loss</b>	<b>138,646</b>	<b>7,044</b>	<b>-</b>	<b>145,690</b>

#### 4 Fair value measurement (continued)

##### (iii) Transfers between levels

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

The following table presents the transfers between levels for the year ended 30 June 2021 (30 June 2020: nil).

As at June 30, 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfer between levels 2 and 3 Managed funds - unlisted	-	(7,044)	7,044

At the beginning of the current reporting period, investment in units in unlisted managed funds that was previously classified as level 2 had been transferred to level 3 to better reflect changing nature of the underlying investment. There were no transfers between levels during the year ended 30 June 2020.

##### (iv) Reconciliation of Level 3 fair value investments

	\$'000
Balance at 1 July 2020	-
Transfer from level 2 to level 3 (Managed funds - unlisted)	7,044
Disposals	(183)
Gains/(losses) recognised in profit or loss	887
Balance at 30 June 2021	<u>7,748</u>
Total unrealised gains/(losses) for the year included in the statement of profit or loss and other comprehensive income	<u>850</u>

##### (v) Valuation processes

Portfolio reviews are undertaken regularly by the Investment Manager to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, the Investment Manager performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting year.

##### (vi) Fair values of other financial instruments

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

#### 5 Net gains/(losses) on financial instruments at fair value through profit or loss

	Year ended	
	June 30, 2021 \$'000	June 30, 2020 \$'000
<b>Financial assets</b>		
Net realised gain/(loss) on financial assets at fair value through profit or loss	9,830	15,133
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	13,461	(7,090)
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<u>23,291</u>	<u>8,043</u>

#### 6 Financial assets at fair value through profit or loss

	As at	
	June 30, 2021 \$'000	June 30, 2020 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Equity investments - listed	102,970	138,646
Managed funds - unlisted	7,748	7,044
<b>Total financial assets at fair value through profit or loss</b>	<u>110,718</u>	<u>145,690</u>

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in Note 3.

## 7 Net assets attributable to unitholders

Under AASB 132 Financial instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund does not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

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

	June 30, 2021	June 30, 2020	As at June 30, 2021	June 30, 2020
	No. '000	No. '000	\$'000	\$'000
Opening balance	96,199	115,381	148,136	188,207
Applications	254	5,204	420	8,590
Redemptions	(25,332)	-	(42,229)	-
Unit buy-backs	(15,365)	(24,386)	(23,244)	(40,473)
Buy-back costs	-	-	(58)	(104)
Units issued upon reinvestment of distributions	6,656	-	10,437	-
Profit for the year	-	-	22,443	7,400
Distribution paid and payable	-	-	(4,718)	(15,484)
<b>Closing balance</b>	<b>62,412</b>	<b>96,199</b>	<b>111,187</b>	<b>148,136</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

## Capital risk management

The Fund classifies its net assets attributable to unitholders as equity. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, 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.

## 8 Distributions to unitholders

Distributions are payable at the end of each financial year and half-year. Such distributions are determined by reference to the net taxable income of the Fund.

The distributions for the year were as follows:

	Year ended		Year ended	
	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2020
	\$'000	CPU*	\$'000	CPU*
December	2,716	3.08	3,433	3.25
June (payable)	2,002	3.20	12,051	12.52
<b>Total distributions</b>	<b>4,718</b>	<b>6.28</b>	<b>15,484</b>	<b>15.77</b>

\* Distribution is expressed as cents per unit amount in the Australian Dollar.

## 9 Cash and cash equivalents

	As at	
	June 30, 2021	June 30, 2020
	\$'000	\$'000
Cash at bank	1,679	14,318
<b>Total cash and cash equivalents</b>	<b>1,679</b>	<b>14,318</b>

## 10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	June 30, 2021	June 30, 2020
	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	22,443	7,400
Net (gains)/losses on financial instruments at fair value through profit or loss	(23,291)	(8,043)
Net foreign currency gain/(loss)	(6)	738
Transaction costs	-	88
Net change in receivables	92	37
Net change in payables	221	(355)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(541)</b>	<b>(135)</b>
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	10,437	-
<b>Total non-cash financing activities</b>	<b>10,437</b>	<b>-</b>

As described in Note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 11 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	June 30, 2021	June 30, 2020
	\$	\$
<b>KPMG</b>		
<b>Audit and other assurance services</b>		
Audit and review of financial statements	38,420	29,045
Total remuneration for audit and other assurance services	<b>38,420</b>	<b>29,045</b>
<b>Taxation services</b>		
Taxation services	-	5,000
Total remuneration for taxation services	<b>-</b>	<b>5,000</b>
Total remuneration of KPMG	<b>38,420</b>	<b>34,045</b>

The auditor's remuneration was paid by the former Responsible Entity in FY19-20 and by the Investment Manager in FY20-21, fees are stated exclusive of GST.

## 12 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

### Responsible Entity

The Responsible Entity of the Fund during the period until 1 February 2021 was E&P Investments Limited (formerly Walsh & Company Investments Limited) (former Responsible Entity). The Responsible Entity of the Fund from 1 February 2021 is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150).

### Key management personnel

#### (a) Directors

The Directors of E&P Investments Limited from July 1, 2020 to January 31, 2021 are shown below. The Directors were in office for this entire period:

##### Name

Stuart Nisbett  
Peter Shear  
Warwick Keneally  
Mike Adams

The Directors of The Trust Company (RE Services) Limited from February 1, 2021 and up to the date of this report are shown below. The Directors were in office for this entire period:

##### Name

Vicki Riggio	
Richard McCarthy	
Simone Mosse	
Glenn Foster	Appointed as a Non-executive Director on February 1, 2021
Phillip Blackmore	Alternate Director for Vicki Riggio

#### (b) Other key management personnel

There were no other persons responsible for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

### Key management personnel unit holdings

From time to time directors of the Responsible Entity, or their related parties, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other unitholders of the Fund.

The Trust Company (RE Services) Limited replaced E&P Investments Limited as Responsible Entity of the Fund during the year. No key management personnel of the Responsible Entity nor its affiliates held units in the Fund as at June 30, 2021.

As at 30 June 2020, Warwick Keneally, Director of the former Responsible Entity, held 7,341 units in the Fund.

### Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

## 12 Related party transactions (continued)

### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

### Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

### Responsible Entity's/Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a fee per annum calculated as a percentage of the gross asset value of the Fund. The Investment Manager of the Fund is Orca Funds Management Pty Ltd. The Investment Manager is entitled to receive a management fee at the rates stipulated in the Fund's governing documents. The Investment Manager is also entitled to a performance fee of 10% (inclusive of GST less RITC) of the investment return above the performance benchmark (being the MSCI World Net Total Return Index, in Australian Dollars, after other fees and expenses have been deducted) and achieves positive performance.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended June 30, 2021 \$	Year ended June 30, 2020 \$
Performance fees for the year paid and payable by the Fund to the Investment Manager	102,499	166,814
Management fees for the year paid and payable by the Fund to the Investment Manager	1,623,525	2,288,172
Responsible Entity's fees for the year paid and payable by the Fund to the Responsible Entity	55,542	-
Aggregate amounts payable to the Investment Manager at reporting date	202,510	-
Aggregate amounts payable to the Responsible Entity at reporting date	10,821	-

### Brokerage fees

Dixon & Advisory Superannuation Services Limited, a related party of the E&P Investments Limited, was engaged as a broker by the Fund and received brokerage of 0.25% on all transactions undertaken as part of the Fund's buy-back program up to October 1, 2019.

Effective October 1, 2019, Evans & Partners Pty Ltd, also a related party of E&P Investments Limited and broker of the Fund, was engaged to provide brokerage under the Fund's buy-back program. There was no change in the brokerage fee structure under the buy-back program as a result of the change in brokers.

Total brokerage fees paid and payable to the related party of E&P Investments Limited for the period from July 1, 2020 to January 29, 2021 were \$58,000 (2020: \$104,000), exclusive of GST, and recognised as buy-back costs in Statement of changes in equity.

### Related party unitholdings

Parties related to the Fund (including The Trust Company (RE Services) Limited, its related parties and other schemes managed by Perpetual Trust Services Limited), hold no units in the Fund.

### Investments

The Fund did not hold any investments in The Trust Company (RE Services) Limited or of its affiliates or funds managed by Orca Funds Management Pty Limited during the year.

### **13 Significant events during the year**

Effective January 29, 2021, the Fund was removed from the official list of the ASX pursuant to a special resolution passed on December 2, 2020 and has transitioned from a listed investment trust to an unlisted open-ended unit trust. Effective February 1, 2021, The Trust Company (RE Services) Limited replaced E&P Investments Limited as Responsible Entity of the Fund as an inter-conditional resolution approved on December 2, 2020 that the new responsible entity became effective upon the removal of the Fund from the official list.

On October 29, 2020, when the Fund was still listed, the Fund announced a 12-month on-market buy-back program (the previous 12-month on-market buy-back program was announced October 25, 2019). During the year ended June 30, 2021, 15,365,074 units were bought back at an average buy back price of \$1.51 per unit.

The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

There were no other significant events during the year.

### **14 Events occurring after the reporting period**

The Directors are not aware of any event or circumstance since the end of the financial year not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

### **15 Contingent assets and liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at June 30, 2021 and June 30, 2020.

**Directors' declaration**

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 28 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at June 30, 2021 and of its performance, for the financial year ended on that date,
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of Perpetual Trust Services Limited.



Director  
The Trust Company (RE Services) Limited

Sydney  
October 22, 2021



# Independent Auditor's Report

To the unitholders of Orca Global Fund

## Opinion

We have audited the **Financial Report** of Orca Global Fund (the Fund).

In our opinion, the accompanying Financial Report of Orca Global Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statement of financial position as at 30 June 2021;
- Statement of profit or loss and other comprehensive income for the year then ended;
- Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Fund in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in Orca Global Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar4\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar4_2020.pdf). This description forms part of our Auditor's Report.

KPMG

Jessica Davis

Partner

Sydney

22 October 2021