

Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1)

ARSN 625 560 269

Annual report - 30 June 2020

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These financial statements cover the Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1) as an individual entity.

The Responsible Entity of the Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1) is Pinnacle Fund Services Limited (ABN 29 082 494 362). The Responsible Entity's registered office is Level 19, 307 Queen Street, Brisbane, QLD 4000.

Directors' report

The directors of Pinnacle Fund Services Limited, the Responsible Entity of the Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1) ("the Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2020.

The Fund was constituted on 26 April 2018, on 7 November 2018 listed as an exchange traded fund (ETF) on the ASX and commenced trading on 5 November 2018.

Principal activities

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

The Fund aims to outperform the MSCI All Country World Net Index in AUD ("Benchmark") over the investment cycle (typically 3-5 years). The Fund typically invests in a select number of attractively valued companies listed on global share markets (usually a minimum of 30 holdings). The Fund may use exchange traded derivatives to achieve the equity exposure. In the absence of finding individual securities that meet Antipodes' investment criteria, cash may be held. The Fund intends to provide capital growth and income distributions over the long-term.

Antipodes Partners Limited is the Investment Manager of the Fund.

The Fund did not have any employees during the year.

Directors

The following persons held office as directors of Pinnacle Fund Services Limited during the year or since the end of the year and up to the date of this report:

Mr I Macoun
 Mr A Ihlenfeldt
 Mr C Kwok
 Mr T O'Callaghan (resigned 5 August 2019)
 Mr A Whittingham (appointed 5 August 2019)

The Responsible Entity also has a Compliance Committee consisting of one non-independent person and three independent persons. The committee's role is to oversee the compliance requirements of the Fund operated by the Responsible Entity. The committee met four times during the financial year.

Review and results of operations

There have been no significant changes to the operations of the Fund since the previous financial period. The Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund.

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

	Year ended	
	30 June 2020	26 April 2018 to 30 June 2019
	\$'000	\$'000
Total comprehensive income for the year	(903)	1,200
Distributions		
Distributions paid and payable	518	248
Distributions (cents per unit)	11.2775	5.5664

Directors' report (continued)

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

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

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

Likely developments and expected results 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.

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.

The outbreak of COVID-19 worldwide has led to extreme volatility in equities markets, which impacts the value of the Fund's assets. Governments have introduced significant fiscal stimulus, but it is still too soon to predict the longer-term economic impacts. The Directors of the Responsible Entity are monitoring the evolution of the situation closely. The Fund has procedures in place to actively monitor its service providers to ensure its continued operational effectiveness. In addition, the Fund is closely monitoring its investment policies, strategies, investment flows, performance and liquidity during this year. As at the date of this report, the fund has not experienced liquidity issues and has been able to facilitate all redemptions when due.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of Pinnacle Fund Services Limited or the auditors of the Fund. So long as the officers of Pinnacle Fund Services Limited act in accordance with the Fund's Constitution and the Law, 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 not 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 the Fund's property during the year are disclosed in note 18 to 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 interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 18 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in note 16 to the financial statements.

Directors' report (continued)

Interests in the Fund (continued)

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 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, 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.



Mr A Ihlenfeldt
Director

Brisbane
22 September 2020



Auditor's Independence Declaration

As lead auditor for the audit of Antipodes Global Shares (Quoted Managed Fund) for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Ben Woodbridge', is written over a light grey signature line.

Ben Woodbridge
Partner
PricewaterhouseCoopers

Brisbane
22 September 2020

Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1)
Statement of comprehensive income
For the year ended 30 June 2020

Statement of comprehensive income

		Year ended	
		30 June	26 April 2018 to
		2020	30 June 2019
	Notes	\$'000	\$'000
Investment income			
Interest income from financial assets at amortised cost	5	4	25
Dividend/trust distribution income	6	398	299
Net gains/(losses) on financial instruments at fair value through profit or loss	7	(944)	1,013
Other operating income		7	-
Net gains/(losses) on foreign exchange		(66)	34
Total net investment income		(601)	1,371
Expenses			
Management fees	18	271	151
Transaction costs		26	18
Other operating expenses		5	2
Total operating expenses		302	171
Profit/(loss) for the financial year		(903)	1,200
Other comprehensive income		-	-
Total comprehensive income for the financial year		(903)	1,200
Earnings per unit for profit/(loss) attributed to unitholders of the Fund			
Basic and diluted earnings per unit (cents)		(27.29)	28.35

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

Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1)
Statement of financial position
As at 30 June 2020

Statement of financial position

		As at	
	Notes	30 June 2020	30 June 2019
		\$'000	\$'000
Assets			
Cash and cash equivalents	10	2,411	3,557
Margin accounts		37	91
Receivables	13	69	181
Financial assets at fair value through profit or loss	11	21,009	19,939
Total assets		23,526	23,768
Liabilities			
Distributions payable	9	518	248
Payables	14	129	197
Financial liabilities at fair value through profit or loss	12	29	39
Total liabilities		676	484
Net assets attributable to unitholders - equity	16	22,850	23,284

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

Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1)
Statement of changes in equity
For the year ended 30 June 2020

Statement of changes in equity

	Notes	Year ended	
		30 June 2020 \$'000	26 April 2018 to 30 June 2019 \$'000
Total equity at the beginning of the financial year		23,284	-
Comprehensive income for the financial year			
Profit for the year		<u>(903)</u>	1,200
Total comprehensive income for the financial year		(903)	1,200
Transactions with unitholders			
Applications	15	3,988	22,403
Redemptions	15	(3,245)	(71)
Reinvestment of distribution	15	244	-
Distributions paid and payable	15	<u>(518)</u>	<u>(248)</u>
Total transactions with unitholders		469	22,084
Total equity at the end of the financial year		<u>22,850</u>	<u>23,284</u>

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

Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1)
Statement of cash flows
For the year ended 30 June 2020

Statement of cash flows

		Year ended	
		30 June	26 April 2018 to
		2020	30 June 2019
	Notes	\$'000	\$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		24,207	12,001
Purchase of financial instruments at fair value through profit or loss		(26,226)	(30,858)
Transaction costs on financial instruments at fair value through profit or loss		(26)	(18)
Interest received		4	25
Dividend/trust distribution received		382	258
Other expenses paid		(8)	(2)
Other income received		7	-
Management fees paid		(271)	(94)
Net cash outflow from operating activities	20(a)	(1,931)	(18,688)
Cash flows from financing activities			
Proceeds from applications by unitholders		4,034	22,357
Payments for redemptions by unitholders		(3,245)	(71)
Distributions paid		(4)	-
Net cash inflow from financing activities		785	22,286
Net increase in cash and cash equivalents		(1,146)	3,598
Cash and cash equivalents at the beginning of the year/period		3,557	-
Effects of exchange rate changes on cash and cash equivalents		-	(41)
Cash and cash equivalents at the end of the year/period	20(b), 10	2,411	3,557

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 the Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1) ("the Fund") as an individual entity. The Fund is a registered managed investment fund (ARSN 625 560 269) which was listed as an exchange traded fund (ETF) on the ASX on 7 November 2018.

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

The Fund aims to outperform the MSCI All Country World Net Index in AUD ("Benchmark") over the investment cycle (typically 3-5 years). The Fund typically invests in a select number of attractively valued companies listed on global share markets (usually a minimum of 30 holdings). The Fund may use exchange traded derivatives to achieve the equity exposure. In the absence of finding individual securities that meet Antipodes' investment criteria, cash may be held. The Fund intends to provide capital growth and income distributions over the long-term.

The Responsible Entity of the Fund is Pinnacle Fund Services Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 19, 307 Queen Street, Brisbane, QLD 4000. The financial statements are presented in the Australian currency.

The Responsible Entity is incorporated and domiciled in Australia.

The Custodian of the Fund is RBC Investor Services Trust.

The financial statements were authorised for issue by the directors on 22 September 2020. The directors of the Responsible Entity have the power to amend and reissue the financial statements after they have been issued.

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 and the *Corporations Act 2001* in Australia. The Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1) is a for-profit unit fund for the purpose of preparing the financial statements.

The financial statements are prepared on a historical cost basis except for financial assets & liabilities measured at fair value through profit or loss.

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 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 balance date.

(i) Compliance with International Financial Reporting Standards

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(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 1 July 2019 that have a material impact on the amounts recognised in the prior period or will affect the current or future years.

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

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

(b) Financial instruments

(i) Classification

The Fund classifies its financial instruments 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 and derivatives, 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. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) Recognition/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 have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately in the statement of comprehensive income. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value.

Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at year end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

Further details on how the fair values of financial statements are determined are disclosed in note 4 to the financial statements.

(iv) 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.

(c) Net assets attributable to unitholders

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

The units 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 asset value attributable to the unitholders, less any applicable transaction costs.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity as they satisfy the following criteria under AASB 132 *Financial instruments*:
Presentation:

- 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 attributed to the puttable financial instrument over the life are based substantially on the profit or loss.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with financial institutions.

2 Summary of significant accounting policies (continued)

(d) Cash and cash equivalents (continued)

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.

(e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

(f) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not at fair value through profit or loss using the effective interest method.

Dividend income is recognised on the ex-dividend date. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in profit or loss.

(g) Expenses

All expenses, including manager's fees, are recognised in the statement of comprehensive income on an accruals basis.

(h) Income tax

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

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income.

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

(i) Distributions

Distributions are payable as set out in the Fund's Product Disclosure Statement and/or Fund's Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Fund.

(j) Increase/(decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. The Fund's distributions are classified as paid and payable in the statement of changes in equity.

(k) 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.

2 Summary of significant accounting policies (continued)

(k) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

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 held at fair value through profit or loss.

(l) Due from/to brokers

The due from/to broker balance is held for collection and consequently measured at amortised cost. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(m) Receivables

Receivables may include amounts for dividends, interest and trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting year from the time of last payment in accordance with the policy set out in note 2(f). Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on 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 counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross 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.

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

(n) Payables

Payables include liabilities, amounts due to brokers and accrued expenses owing by the Fund which are unpaid as at the end of the reporting year.

(o) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees, if any, as a 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.

Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue, less applicable transaction costs.

2 Summary of significant accounting policies (continued)

(p) 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, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55%; hence investment management fees, custodial 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.

(q) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and 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 are fair valued using valuation techniques which are yearly reviewed by experienced personnel.

Valuation techniques include using observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For more information on how fair value is calculated please see note 4 to the financial statements.

(r) Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(s) Earnings per unit

Basic and diluted earnings per unit is calculated by dividing:

- the profit attributable to unitholders of the Fund, excluding any costs of servicing of the Fund.
- by the weighted average number of units outstanding during the year.

(t) Comparative information

The Fund was constituted on 26 April 2018. The prior period comparatives reflect the results of the Fund's activities from 26 April 2018 to 30 June 2019.

3 Financial risk management

(a) Objectives, strategies, policies and processes

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

3 Financial risk management (continued)

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Responsible Entity ("the Board").

All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The maximum loss of capital on forward currency contracts is limited to the notional contract values of these positions.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below:

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Fund's direct investments and not on a look-through basis for investments held in the Fund.

The Fund typically invests in a select number of attractively valued companies listed on global share markets. In the absence of finding individual securities that meet Antipodes' investment criteria, cash may be held. The Fund aims to provide income and some capital growth over the long-term.

The Fund attempts to take advantage of the market's tendency for irrational extrapolation, identify investments that offer a high margin of safety and build portfolios with a capital preservation focus. The Fund has exposure to different financial markets. The Fund may be materially affected by market, economic, social and/or political conditions globally and in the jurisdictions and sectors in which it invests or operates. This includes conditions affecting interest rates, the availability of credit, currency exchange and trade barriers. These conditions are outside the control of the Fund and could adversely affect the liquidity and value of the Fund's investments.

The fund invests in a portfolio of securities across several industry sectors, with no individual security holding being greater than 10%, and no individual industry exposure being greater than 20%.

(i) Price risk

The Fund is exposed to equity securities and derivative price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is managed and measured.

The Responsible Entity manages risk through investing in a select number of attractively valued companies listed on global share markets (usually a minimum of 30 holdings). In the absence of finding individual securities that meet their investment criteria, cash may be held. The Fund is also permitted to utilise exchange traded derivatives for risk management purposes and to achieve equity exposure. Derivative use is subject to the specific restrictions that such instruments cannot be used to gear portfolio exposure and that the underlying effective face value is limited to 10% of the net asset value of the Fund (unless used to manage currency risk). Currency exposure will generally reflect the currency of the underlying securities. However, where the Investment Manager believes there is a strong likelihood of a decline in the underlying currency, currency derivatives (both over-the-counter and exchange traded) may be used to hedge the portfolio's currency exposure. Currency hedging is subject to the specific restriction that such derivatives cannot be used to gear portfolio exposure. The Fund will not engage in short selling. The Fund aims to outperform the MSCI All Country World Net Index in AUD ('Benchmark') over the investment cycle (typically 3-5 years).

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

As at 30 June 2020 and 30 June 2019, the fair value of equities and related derivatives by countries were as follows:

	30 June 2020		As at 30 June 2019	
	\$'000	%	\$'000	%
Global Listed Equities				
Australia	520	2.48%	370	1.86%
United States	7,805	37.15%	7,059	35.47%
Japan	1,295	6.16%	2,477	12.45%
China	1,155	5.50%	1,549	7.78%
Germany	1,681	8.00%	1,441	7.24%
Others	8,533	40.62%	6,996	35.15%
	<u>20,989</u>	<u>99.91%</u>	<u>19,892</u>	<u>99.95%</u>
Options				
United States	18	0.09%	9	0.05%
Total	<u>21,007</u>	<u>100%</u>	<u>19,901</u>	<u>100%</u>

As at 30 June 2020 and 30 June 2019, the Fund's overall exposure to price risk including the notional exposure on derivative contracts were as follows:

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Net equity exposure from global listed equities	20,989	19,892
Net notional exposure from options	355	180
Total exposure to price risk from equities and equity related derivatives	<u>21,344</u>	<u>20,072</u>

The below table is a summary of derivatives held which give rise to price risk:

	As at			
	30 June 2020		30 June 2019	
	Contract Value \$'000	Fair Value \$'000	Contract Value \$'000	Fair Value \$'000
Options	355	18	180	9
Total	<u>355</u>	<u>18</u>	<u>180</u>	<u>9</u>

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk

Investments in global markets or securities which are denominated in foreign currencies give rise to foreign currency exposure. This means that the value of these investments will vary depending on changes in the exchange rate. The Investment Manager will seek to manage the Fund's currency exposure using hedging instruments (for example, foreign exchange forwards swaps, "non-deliverable" forwards, and currency options) and cash foreign exchange trades.

The table below summarises the Fund's assets and liabilities, monetary and non monetary, which are denominated in foreign currencies and the Australian dollar.

30 June 2020	Australian Dollars A\$'000	US Dollars A\$'000	European Euro A\$'000	Japanese Yen A\$'000	Hong Kong Dollars A\$'000	Other Currencies A\$'000	Total A\$'000
Cash and cash equivalents	640	831	502	221	87	209	2,490
Margin accounts	-	(76)	34	-	-	-	(42)
Receivables	12	14	10	2	14	18	70
Dividends receivable	-	-	-	-	-	-	-
Due from brokers - receivable for securities sold	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss - listed equities and options	520	9,919	4,101	1,295	1,578	3,593	21,006
Distributions payable	(518)	-	-	-	-	-	(518)
Payables	(66)	-	-	-	-	-	(66)
Due to brokers - payable for securities purchased	-	(31)	(22)	(10)	-	-	(63)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Management fees payable	-	-	-	-	-	-	-
	<u>588</u>	<u>10,657</u>	<u>4,625</u>	<u>1,508</u>	<u>1,679</u>	<u>3,820</u>	<u>22,877</u>
Net increase/(decrease) in exposure from forward foreign exchange contracts (notional):							
Open foreign currency contracts (buy)	1,129	2,592	135	465	-	1,525	5,846
Open foreign currency contracts (sell)	(657)	(3,254)	-	-	(1,066)	(869)	(5,846)
	<u>472</u>	<u>(662)</u>	<u>135</u>	<u>465</u>	<u>(1,066)</u>	<u>656</u>	<u>-</u>

3 Financial risk management (continued)

(b) Market risk (continued)

30 June 2019	Australian Dollars A\$'000	US Dollars A\$'000	European Euro A\$'000	Japanese Yen A\$'000	Hong Kong Dollars A\$'000	Other Currencies A\$'000	Total A\$'000
Cash and cash equivalents	984	2,059	75	220	65	154	3,557
Margin accounts Receivables	-	110	(19)	-	-	-	91
Due from brokers -receivable for securities sold	54	8	5	4	14	10	95
Financial assets at fair value through profit or loss - listed equities and options	33	8	-	-	-	45	86
Distributions payable	370	9,052	3,809	2,477	1,846	2,347	19,901
Payables	(248)	-	-	-	-	-	(248)
Due to brokers - payable for securities purchased	(65)	-	-	-	-	-	(65)
	-	(75)	-	-	-	(57)	(132)
	<u>1,128</u>	<u>11,162</u>	<u>3,870</u>	<u>2,701</u>	<u>1,925</u>	<u>2,499</u>	<u>23,285</u>
Net increase/(decrease) in exposure from forward foreign exchange contracts (notional):							
Open foreign currency contracts (buy)	7	3,936	112	1,194	-	2,749	7,998
Open foreign currency contracts (sell)	(508)	(4,063)	(516)	(287)	-	(2,624)	(7,998)
	<u>(501)</u>	<u>(127)</u>	<u>(404)</u>	<u>907</u>	<u>-</u>	<u>125</u>	<u>-</u>

3 Financial risk management (continued)

(b) Market risk (continued)

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible movement of the currency rate against the Australian dollar with all other variables held constant is indicated in the table below:

30 June 2020	AUD equivalent in exposure by currency	Change in currency rate Increase/(decrease) %	Effect on net profit attributable to unitholders Increase/(decrease) \$'000
Currency	\$'000		\$'000
US Dollar	10,635	15/(15)	(1,387)/1,877
European Euro	4,625	15/(15)	(603)/816
Japanese Yen	1,508	15/(15)	(197)/266
Hong Kong Dollars	1,678	15/(15)	(219)/296
Other currencies	3,820	15/(15)	(498)/674

30 June 2019	AUD equivalent in exposure by currency	Change in currency rate Increase/(decrease) %	Effect on net profit attributable to unitholders Increase/(decrease) \$'000
Currency	\$'000		\$'000
US Dollar	11,162	15/(15)	(1,456)/1,970
European Euro	3,870	15/(15)	(505)/683
Japanese Yen	2,701	15/(15)	(352)/477
Hong Kong Dollars	1,925	15/(15)	(251)/340
Other currencies	2,499	15/(15)	(326)/441

This represents management'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 profit attributable to unitholders arises mainly from a change in the fair value of US dollar equity and debt securities and Euro equities that are classified as financial assets and liabilities at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

The majority of the Fund's financial assets and liabilities are non interest bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

(i) Derivatives

The Fund is also permitted to utilise exchange traded derivatives for risk management purposes and to achieve equity exposure. Derivative use is subject to the specific restrictions that such instruments cannot be used to gear portfolio exposure and that the underlying effective face value is limited to 10% of the net asset value of the Fund (unless used to manage currency risk).

3 Financial risk management (continued)

(c) Credit risk (continued)

(i) Derivatives (continued)

The Fund will only use derivatives in the following three scenarios:

- (a) for the dominant purpose of managing foreign exchange or interest rate risk;
- (b) for the dominant purpose of more efficiently gaining an economic exposure, through the use of exchange-traded derivatives, to the underlying reference assets of those derivatives, but only on a temporary basis (i.e. for a year of less than 28 days, which cannot be extended by rolling over or replacing the derivative); or
- (c) use of exchange-traded derivatives, provided the notional derivatives exposure of the Fund does not exceed 10% of its net asset value (unless the exposure is attributable to circumstances that were not reasonably foreseeable by the Responsible Entity, such as unforeseen market movements or large redemption requests, and the exposure is for a year of no more than three consecutive Business Days).

These three exceptions operate independently of each other. For example, where the Fund uses exchange-traded derivatives for the dominant purpose of managing foreign exchange or interest rate risk, this does not count towards the 10% notional derivatives exposure limit for exchange-traded derivatives in accordance with ASIC Regulatory Guide 240.12. Currency exposure will generally reflect the currency of the underlying securities. However, where the Investment Manager believes there is a strong likelihood of a decline in the underlying currency, currency derivatives (both over-the-counter and exchange traded) may be used to hedge the portfolio's currency exposure. Currency hedging is subject to the specific restriction that such derivatives cannot be used to gear portfolio exposure.

Exchange traded and OTC-cleared derivative contracts have reduced credit risk as the counterparty is a clearing house. The clearing house is responsible for managing the risk associated with the process on behalf of their members and ensuring it has adequate resources to fulfil its obligations when they become due. Clearing house members are required to provide initial margins in accordance with the exchange rules in the form of cash or securities, and provide daily variation margins in cash to cover changes in market values. Further, all members are generally required to contribute to (and guarantee) the compensation or reserve fund which may be used in the event of default and shortfall of a member. The Fund also restricts its exposure to credit losses on the trading of certain OTC derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions.

(ii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- (as determined by Standard & Poor's (S&P)).

(iv) Other

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

The clearing and depository operations for the Fund's security transactions are mainly concentrated with one counterparty, namely RBC Investor Services Trust. RBC Investor Services Trust at 30 June 2020 had a credit rating of AA- (S&P) and Aa2 (Moody's). At 30 June 2020, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by RBC Investor Services Trust.

3 Financial risk management (continued)

(c) Credit risk (continued)

(v) Maximum exposure to credit risk

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

(d) 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 or can only do so on terms that are materially disadvantageous. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash, as the majority are listed on global exchanges. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

In accordance with the Fund's policy, the Responsible Entity monitors the Fund's liquidity position on a daily basis. The Fund's policy is reviewed annually. 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 2020 and 2019.

The Fund's Constitution provides for daily application and redemption of units and it is therefore exposed to liquidity risk of meeting unitholder redemptions at any time. Units are redeemed on demand at the unitholder's option. At 30 June 2020, net assets attributable to unitholders was \$22,849,581 (2019: \$23,284,265).

Maturity analysis for financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining year at the end of the reporting year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-3 months	3-12 months	12-60 months
At 30 June 2020	\$'000	\$'000	\$'000	\$'000
Distributions payable	518	-	-	-
Due to brokers - payable for securities purchased	63	-	-	-
Payables	66	-	-	-
Contractual cash flows (excluding derivatives)	647	-	-	-
	Less than 1 month	1-3 months	3-12 months	12-60 months
At 30 June 2019	\$'000	\$'000	\$'000	\$'000
Distributions payable	248	-	-	-
Due to brokers - payable for securities purchased	132	-	-	-
Payables	65	-	-	-
Contractual cash flows (excluding derivatives)	445	-	-	-

The forward foreign exchange contractual liabilities of \$5,845,860 (2019: \$7,998,015) mature within 3 to 6 months after balance date.

4 Fair value measurements

The Fund measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

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

Fair value hierarchy

Classification of financial assets and financial liabilities

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, 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. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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.

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

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

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

For other valuation techniques, 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 reporting year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The foreign currency contracts are valued at the forward rate.

4 Fair value measurements (continued)

Fair value hierarchy (continued)

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

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

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

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

As at 30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss:				
Forward foreign exchange contracts	-	2	-	2
Options	18	-	-	18
Global listed equities	20,989	-	-	20,989
Total financial assets	21,007	2	-	21,009
Financial liabilities at fair value through profit or loss:				
Forward foreign exchange contracts	-	29	-	29
Equity swaps	-	-	-	-
Futures	-	-	-	-
Total financial liabilities	-	29	-	29

4 Fair value measurements (continued)

Fair value hierarchy (continued)

As at 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss:				
Forward foreign exchange contracts	-	38	-	38
Options	9	-	-	9
Global listed equities	19,892	-	-	19,892
Total financial assets	<u>19,901</u>	<u>38</u>	<u>-</u>	<u>19,939</u>
Financial liabilities at fair value through profit or loss:				
Forward foreign exchange contracts	-	39	-	39
Total financial liabilities	<u>-</u>	<u>39</u>	<u>-</u>	<u>39</u>

There were no transfers between levels during the year ended 30 June 2020 and 30 June 2019.

5 Interest income

6 Dividend/trust distribution income

	Year ended	
	30 June 2020 \$'000	26 April 2018 to 30 June 2019 \$'000
Dividends	398	299
Total dividend/trust distribution income	<u>398</u>	<u>299</u>

7 Net gains on financial instruments at fair value through profit or loss

	Year ended	
	30 June 2020 \$'000	26 April 2018 to 30 June 2019 \$'000
Financial assets		
Net realised* gain on financial assets at fair value through profit or loss	363	126
Net unrealised gain on financial assets at fair value through profit or loss	<u>(1,278)</u>	<u>926</u>
Total net gain on financial assets	<u>(915)</u>	<u>1,052</u>
Financial liabilities		
Net unrealised (loss) on financial liabilities at fair value through profit or loss	<u>(29)</u>	<u>(39)</u>
Total net (loss) on financial liabilities	<u>(29)</u>	<u>(39)</u>
Total net gains on financial instruments at fair value through profit or loss	<u>(944)</u>	<u>1,013</u>

*Realised gains and losses are recorded using the historical cost information.

8 Auditor's remuneration

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

	Year ended	
	30 June 2020 \$	26 April 2018 to 30 June 2019 \$
PricewaterhouseCoopers Australian firm		
Audit and other assurance service		
Audit and review of financial statements	39,975	39,700
Audit of compliance plan	<u>2,936</u>	<u>-</u>
Total remuneration of audit services	<u>42,911</u>	<u>39,700</u>
Non-audit services		
Taxation compliance services	<u>4,900</u>	<u>4,900</u>
Total remuneration for non-audit services	<u>4,900</u>	<u>4,900</u>
Total remuneration for PricewaterhouseCoopers	<u>47,811</u>	<u>44,600</u>

The fees for audit and non audit services are paid by the Investment Manager out of the management fee that they earn.

9 Distributions to unitholders

The distributions are payable as follows:

	Year ended			
	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	\$'000	CPU	\$'000	CPU
Distribution				
Distributions payable - June	<u>518</u>	<u>11.2775</u>	<u>248</u>	<u>5.5664</u>
	<u>518</u>	<u>11.2775</u>	<u>248</u>	<u>5.5664</u>

10 Cash and cash equivalents

	As at	
	30 June 2020	30 June 2019
	\$'000	\$'000
Cash and cash equivalents	<u>2,411</u>	<u>3,557</u>
Total cash and cash equivalents	<u>2,411</u>	<u>3,557</u>

11 Financial assets at fair value through profit or loss

	As at	
	30 June 2020	30 June 2019
	\$'000	\$'000
Forward foreign exchange contracts	2	38
Options	18	9
Global listed equities	<u>20,989</u>	<u>19,892</u>
Total financial assets at fair value through profit or loss	<u>21,009</u>	<u>19,939</u>

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

12 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2020	30 June 2019
	\$'000	\$'000
Forward foreign exchange contracts	<u>29</u>	<u>39</u>
Total financial liabilities at fair value through profit or loss	<u>29</u>	<u>39</u>

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in note 3.

13 Receivables

	As at	
	30 June 2020	30 June 2019
	\$'000	\$'000
Due from brokers - receivable for securities sold	-	86
Other receivables	19	10
Applications receivable	-	46
Accrued income	38	31
GST receivable	12	8
Total receivables	69	181

14 Payables

	As at	
	30 June 2020	30 June 2019
	\$'000	\$'000
Due to brokers - payable for securities purchased	63	132
Accrued expenses	66	65
Total payables	129	197

15 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation.

Investments in derivatives may cause losses associated with changes in market conditions, such as fluctuation in interest rates, equity prices or exchange rates and, changes in the value of a derivative may not correlate perfectly with the underlying asset.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

15 Derivative financial instruments (continued)

The Fund holds the following derivative instruments:

(a) Forward foreign exchange contracts

Forward foreign exchange contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward foreign exchange contracts are valued at the prevailing bid price at the end of each reporting year. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting year.

(b) Options

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

The Fund's derivative financial instruments as at 30 June 2020 and 30 June 2019 are detailed below:

As at 30 June 2020

	Contract / notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Forward foreign exchange contracts - buy	5,846	2	-
Forward foreign exchange contracts - sell	(5,846)	-	29
Options	355	18	-
	<u>355</u>	<u>20</u>	<u>29</u>

As at 30 June 2019

	Contract / notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Forward foreign exchange contracts - buy	7,998	38	-
Forward foreign exchange contracts - sell	(7,998)	-	39
Options	180	9	-
	<u>180</u>	<u>47</u>	<u>39</u>

An overview of the risk exposure relating to derivatives is included in note 3.

16 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 (Refer to Note 2(c)). The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

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

	As at		30 June 2020	30 June 2019
	30 June 2020	30 June 2019		
	Units	Units	\$'000	\$'000
Opening balance	4,463,202	-	23,284	-
Applications	748,270	4,477,433	3,988	22,403
Redemptions	(665,112)	(14,231)	(3,245)	(71)
Units issued upon reinvestment of distributions	46,759	-	244	-
Distributions paid and payable	-	-	(518)	(248)
Profit for the year	-	-	(903)	1,200
Closing balance	4,593,119	4,463,202	22,850	23,284

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

Net assets attributable to unitholders are representative of the expected cash outflows on redemption, excluding any applicable transaction costs, excluding any applicable transaction costs..

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. The Fund's strategy was to hold a certain portion of the net assets attributable to unitholders in liquid investments. Liquid assets include cash and cash equivalents and listed equities. 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 a redemption of units, if the exercise of such discretion is in the best interests of unitholders.

17 Earnings per unit

Earnings per unit amounts are calculated by dividing net profit attributable to unitholders before distributions by the weighted average number of units outstanding during the year:

	30 June 2020	30 June 2019
	Cents per unit	Cents per unit
Operating profit attributable to unitholders	(902,873)	1,199,936
Weighted average number of units on issue	3,307,944	4,233,011
Basic and diluted earnings per unit (cents)	(27.29)	28.35

18 Related party transactions

Responsible entity

The Responsible Entity of Antipodes Global Shares (Quoted Managed Fund) (ASX: AGX1) is Pinnacle Fund Services Limited.

Pinnacle Investment Management Limited is the parent company of Pinnacle Fund Services Limited. Pinnacle Investment Management Group Limited is the ultimate holding company of Pinnacle Fund Services Limited.

Antipodes Partners Limited is the Investment Manager of the Fund.

Key management personnel

Directors

Key management personnel includes persons who were directors of Pinnacle Fund Services Limited and Pinnacle Investment Management Limited at any time during the financial year as follows:

Pinnacle Fund Services Limited

Mr I Macoun
 Mr A Ihlenfeldt
 Mr C Kwok
 Mr T O'Callaghan (resigned 5 August 2019)
 Mr A Whittingham (appointed 5 August 2019)

Pinnacle Investment Management Limited

Mr I Macoun
 Mr A Ihlenfeldt
 Mr A Whittingham

Other key management personnel

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

Management fees and other transactions

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 and the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2020	26 April 2018 to 30 June 2019
	\$	\$
Management fees for the year paid/payable by the Fund	271,210	150,907
Aggregate amount payable to the Investment Manager at the reporting date	65,904	65,213

18 Related party transactions (continued)

The management fee of 1.10% p.a. is calculated daily based on the net asset value of the Fund. The performance fee is 15% of the difference in the Fund's return (net of management fees) relative to its benchmark (MSCI All Country World Net Index in AUD) return multiplied by the net asset value of the Fund. The performance fee is calculated and accrued each business day and is payable six-monthly.

Responsible Entity fees are paid by the Investment Manager out of the fees that they earn.

Investments

The Fund did not hold any investments in Pinnacle Fund Services Limited or its related parties during the year.

Key management personnel compensation

Key management personnel of Pinnacle Fund Services Limited are paid by Pinnacle Services Administration Pty Ltd. Payments made from the Fund to Pinnacle Fund Services Limited do not include any amounts directly attributable to key management personnel remuneration.

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

From time to time directors of Pinnacle Fund Services Limited, or their director related entities, 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 Fund investors and are not material in nature.

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

19 Segment information

The Fund is organised into one main operating segment with only one key function in Australia, being the investment of funds.

20 Reconciliation of profit to net cash (outflow) from operating activities

	Year ended	
	30 June 2020 \$'000	26 April 2018 to 30 June 2019 \$'000
(a) Reconciliation of profit to net cash outflow from operating activities		
Net profit for the year	(903)	1,200
Net (gains)/losses on financial instruments held at fair value through profit or loss	944	(1,013)
Realised foreign exchange (gains)/losses	66	(34)
Proceeds from sale of financial instruments held at fair value through profit or loss	24,207	12,001
Purchase of financial instruments held at fair value through profit or loss	(26,226)	(30,767)
Net change in margin accounts	-	(91)
Net change in dividends/distributions receivable	(7)	(31)
Net change in receivables and other assets	(13)	(18)
Net change in payables and other liabilities	1	65
Net cash (outflow) from operating activities	(1,931)	(18,688)
(b) Cash and cash equivalents		
Cash and cash equivalents	2,411	3,557
Total cash and cash equivalents	2,411	3,557

21 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2020 and 30 June 2019.

22 Events occurring after the reporting year

No significant events have occurred since the end of the reporting year which would impact on the financial position of the Fund as at 30 June 2020 or on the results and cash flows of the Fund for the year ended on that date.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 34 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with 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 30 June 2020 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 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.



Mr A Ihlenfeldt
Director

Brisbane
22 September 2020



Independent auditor's report

To the unitholders of Antipodes Global Shares (Quoted Managed Fund)

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Antipodes Global Shares (Quoted Managed Fund) (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2020
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Registered Scheme, its accounting processes and controls and the industry in which it operates.



<i>Materiality</i>	<i>Audit scope</i>	<i>Key audit matters</i>
<ul style="list-style-type: none"> • For the purpose of our audit we used overall materiality of \$228,000, which represents approximately 1% of the Registered Scheme’s net assets. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose net assets because, in our view, it is the benchmark against which the performance of the Registered Scheme is most commonly measured. • We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. 	<ul style="list-style-type: none"> • Our audit focused on where the Registered Scheme made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit approach reflects the nature of the investments held by the Registered Scheme and the consideration of the work undertaken by third party service providers. The key service providers relevant to our audit are the administrator who maintains the accounting records of the Registered Scheme and the custodian who provides custodian services for the investments. 	<ul style="list-style-type: none"> • Amongst other relevant topics, we communicated the following key audit matter to the directors of the Responsible Entity: <ul style="list-style-type: none"> – Valuation and existence of financial assets at fair value through profit and loss • This matter is further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation and existence of financial assets at fair value through profit and loss</i></p> <p><i>(Refer to note 11) \$21,009,000</i></p> <p>At 30 June 2020, investments in financial assets at fair value through profit or loss were comprised of investments in global listed equities, forward foreign exchange contracts and options.</p> <p>The existence and valuation of financial assets was a key audit matter because financial assets represent the principal element of the statement of financial position in the financial statements, accounting for approximately 92% of net assets. A discrepancy in the valuation or existence of investments could cause the net assets attributable to unitholders to be materially misstated which could also impact the Registered Scheme's performance as the valuation of financial assets is the main driver of movements in the statement of comprehensive income of the Registered Scheme.</p>	<p><i>Valuation procedures</i></p> <p>We assessed the valuation techniques used to value the Registered Scheme's financial assets against general market practice.</p> <p>We obtained observable market price data and compared this to the prices used by the Registered Scheme to value those investments at period end.</p> <p>We obtained the most recent reports issued by the provider of fund administration and custodian services, which set out the controls in place at each service organisation used by the Registered Scheme. These reports include an independent audit opinion over the design and operating effectiveness of those controls. We assessed the reports by:</p> <ul style="list-style-type: none">• developing an understanding of the control objectives and associated control activities;• evaluating the tests undertaken by the auditor; and evaluating the results of these tests and the conclusions formed by the auditor on the design and operational effectiveness of controls to the extent relevant to our audit of the Registered Scheme. <p><i>Existence procedures</i></p> <p>We obtained a confirmation from the custodian of the investment holdings at year end and compared the investment holdings per the custodian confirmation with the holdings per the Registered Scheme's accounting records.</p>

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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



Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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/ar2_2020.pdf. This description forms part of our auditor's report.

A large, stylized handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Ben Woodbridge'.

Ben Woodbridge
Partner

Brisbane
22 September 2020