
Ironbark Copper Rock Global All Cap Share Fund

ARSN 122 000 524



Annual Financial Report

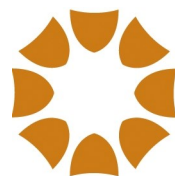
For the year ended 30 June 2018

Responsible Entity

Ironbark Asset Management (Fund
Serviced) Ltd

ABN: 63 116 232 154

AFSL: 298626



Ironbark
ASSET MANAGEMENT

Ironbark Copper Rock Global All Cap Share Fund

ARSN 122 000 524

Annual financial report

For the year ended 30 June 2018

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Directors' report

The directors of Ironbark Asset Management (Fund Services) Limited (the "Responsible Entity"), the Responsible Entity of Ironbark Copper Rock Global All Cap Share Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2018 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Fund is Level 13, 1 Margaret Street, Sydney, NSW 2000.

Directors

The following persons held office as directors of the Responsible Entity of the Fund for the period from 1 July 2017 to the date of this report:

B Carpenter
 A Donald
 C Larsen

Principal activities

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

The Fund maintains its investment strategy by investing in global listed securities of countries that are constituents of the MSCI All Country World Index in accordance with 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.

Review and results of operations

During the year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

Results

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

| | Year ended | |
|---------------------------------|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| Operating profit/(loss) (\$) | 497,550 | 709,452 |
| Unit price as at 30 June | | |
| Application price (\$) | 1.0537 | 0.9073 |
| Redemption price (\$) | 1.0494 | 0.9036 |

Significant changes in the state of affairs

During the year, the Fund amended its Constitution in order to allow it to elect into the Attribution Managed Investment Trust ("AMIT") regime from 1 July 2017.

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.

Directors' report (continued)

Matters subsequent to the end of the financial year

On 23 August 2017, the Investment Management Agreement ('IMA') was amended to reduce the permitted number of stocks to 30-40 (previously permitted number of stocks was 65-80). There will be no change to the Fund's overall investment strategy as a result of the amendment above.

The above change will take effect from 1 September 2017.

Other than the above, no other matter or circumstance has arisen since 30 June 2018 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 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 auditor

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Fund. So long as the officers of the Responsible Entity 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 auditor of the Fund is in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of the Fund property during the year are disclosed in note 17 of the financial statements.

No fees were paid out of Fund 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 17 of the financial statements.

Interests in the Fund

The movements in units on issue in the Fund during the year are disclosed in note 8 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 2 of 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.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Directors' report for the year ended 30 June 2018.

This report is made in accordance with a resolution of the directors of the Responsible Entity.



Director

Sydney
25 September 2018



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

To the Directors of Ironbark Asset Management (Fund Services) Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Ironbark Copper Rock Global All Cap Share Fund for the financial year ended 30 June 2018 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.





David Kells
Partner
Sydney
25 September 2018

Statement of comprehensive income

| | Notes | Year ended | |
|---|-------|-----------------|------------------|
| | | 30 June 2018 | 30 June 2017 |
| | | \$ | \$ |
| Investment income | | | |
| Distribution and dividend income | | 42,428 | 71,483 |
| Interest income | | 64 | 3 |
| Net gains/(losses) on financial instruments held at fair value through profit or loss | 7 | 499,228 | 721,392 |
| Net foreign exchange gains/(losses) | | 10,766 | (4,808) |
| Other operating income | 15 | <u>16</u> | <u>-</u> |
| Total investment income/(loss) | | <u>552,502</u> | <u>788,070</u> |
| Expenses | | | |
| Management fees | 17 | 30,098 | 37,267 |
| Expense recovery fees | 17 | 7,288 | 9,689 |
| Transaction costs | | 6,451 | 13,718 |
| Withholding taxes | | 8,719 | 13,800 |
| Other operating expenses | | <u>2,396</u> | <u>4,144</u> |
| Total operating expenses | | <u>54,952</u> | <u>78,618</u> |
| Operating profit/(loss) | | <u>497,550</u> | <u>709,452</u> |
| Finance costs attributable to unitholders | | | |
| Distributions to unitholders* | | - | - |
| (Increase)/decrease in net assets attributable to unitholders | 8 | <u>-</u> | <u>(709,452)</u> |
| Profit/(loss) for the year | | <u>497,550</u> | <u>-</u> |
| Other comprehensive income for the year | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u>497,550</u> | <u>-</u> |

*Net assets attributable to unitholders are reclassified from liabilities to equity from 1 July 2017. As a result of falling under AMIT, the distributions to unitholders are reclassified to equity. They will be classified as distributions paid and payable in the statement of changes in equity.

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

Statement of financial position

| | | As at | |
|---|-------|------------------|------------------|
| | Notes | 30 June 2018 | 30 June 2017 |
| | | \$ | \$ |
| Assets | | | |
| Cash and cash equivalents | 9 | 64,956 | 55,888 |
| Receivables | 13 | 6,472 | 10,245 |
| Due from brokers - receivable for securities sold | | 2,700 | 286,554 |
| Financial assets held at fair value through profit or loss | 11 | <u>3,192,252</u> | <u>3,388,610</u> |
| Total assets | | <u>3,266,380</u> | <u>3,741,297</u> |
| Liabilities | | | |
| Payables | 14 | 14,416 | 325,703 |
| Financial liabilities held at fair value through profit or loss | 12 | <u>-</u> | <u>49</u> |
| Total liabilities (30 June 2017: excluding net assets attributable to unitholders) | | <u>14,416</u> | <u>325,752</u> |
| Net assets attributable to unitholders - liability* | 8 | <u>-</u> | <u>3,415,545</u> |
| Net assets attributable to unitholders - equity* | 8 | <u>3,251,964</u> | <u>-</u> |

*Net assets attributable to unitholders are classified as equity at 30 June 2018 and as a financial liability at 30 June 2017. Refer to note 1 for further detail.

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

Statement of changes in equity

| | Notes | Year ended | |
|--|-------|-------------------------|-----------------|
| | | 30 June 2018 | 30 June 2017 |
| | | \$ | \$ |
| Total equity at the beginning of the financial year | | - | - |
| Reclassification due to AMIT tax regime implementation* | 8 | 3,415,545 | - |
| Comprehensive income for the year | | | |
| Profit/(loss) for the year | | 497,550 | - |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u>497,550</u> | <u>-</u> |
| Transactions with unitholders | | | |
| Applications | 8 | 320,192 | - |
| Redemptions | 8 | <u>(981,323)</u> | <u>-</u> |
| Total transactions with unitholders | | <u>(661,131)</u> | <u>-</u> |
| Total equity at the end of the financial year* | | <u>3,251,964</u> | <u>-</u> |

*Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity. Refer note 1 for further detail. As a result, equity transactions, including distributions have been disclosed in the above statement for the year ended 30 June 2018.

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

Statement of cash flows

| | Notes | Year ended | |
|---|-------|------------------|--------------------|
| | | 30 June 2018 | 30 June 2017 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Distributions and dividends received | | 37,674 | 57,660 |
| Interest received | | 64 | 3 |
| Other operating income received | | 16 | - |
| Management fees paid | | (30,498) | (38,030) |
| Expense recovery fees paid | | (8,230) | (9,353) |
| Other operating expenses paid | | (9,045) | (17,397) |
| Net cash inflow/(outflow) from operating activities | 10(a) | <u>(10,019)</u> | <u>(7,117)</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of financial instruments held at fair value through profit or loss | | 4,420,372 | 8,785,362 |
| Purchase of financial instruments held at fair value through profit or loss | | (3,430,487) | (7,039,962) |
| Net cash inflow/(outflow) from investing activities | | <u>989,885</u> | <u>1,745,400</u> |
| Cash flows from financing activities | | | |
| Proceeds from applications by unitholders | | 320,192 | 324,207 |
| Payments for redemptions by unitholders | | (1,291,262) | (2,212,555) |
| Net cash inflow/(outflow) from financing activities | | <u>(971,070)</u> | <u>(1,888,348)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 8,796 | (150,065) |
| Cash and cash equivalents at the beginning of the year | | 55,888 | 206,132 |
| Effects of foreign currency exchange rate changes on cash and cash equivalents | | 272 | (179) |
| Cash and cash equivalents at the end of the year | 9 | <u>64,956</u> | <u>55,888</u> |

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

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1 General information

These financial statements cover Ironbark Copper Rock Global All Cap Share Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme and was constituted on 29 September 2006. The Fund will terminate on 28 September 2086 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Ironbark Asset Management (Fund Services) Limited (ABN 63 116 232 154) (AFSL 298626) (the "Responsible Entity"). The Responsible Entity's registered office is Level 13, 1 Margaret Street, Sydney, NSW 2000.

The Fund maintains its investment strategy by investing in global listed securities of countries that are constituents of the MSCI All Country World Index in accordance with the provisions of the Fund's Constitution.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions. Consequently the units in the Fund have been reclassified from a financial liability to equity on 1 July 2017, see note 8 for further information.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. 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 12 months, except for investments in financial assets and net assets attributable to unitholders.

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

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

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

The financial statements of the Fund also comply with IFRS and interpretations as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Fund

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Fund.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period beginning 1 July 2017 and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

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

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not materially impact the Fund.

- AASB 15 *Revenue from Contracts with Customers*, (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are dividends, distributions, interest and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard.

As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

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

(b) Financial instruments

(i) *Classification*

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

- Financial instruments held for trading

These are investments in derivative financial instruments such as currency contracts. The Fund does not designate any derivatives as hedges in a hedging relationship. All derivatives in a net receivable position (positive fair value) are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value) are reported as financial liabilities held for trading.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purpose and which may be sold. These are investments in listed international securities.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance 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 instruments on a fair value basis together with other related financial information.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(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.

Financial assets are derecognised when the contractual right to receive cash flows from the investments have expired or the Fund has transferred the financial asset and the transfer qualifies for derecognition in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

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 held at fair value through profit or loss in the period in which they arise.

Other financial assets and liabilities

Financial assets and financial liabilities not at fair value through profit or loss, include transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets classified as receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively fair value at the reporting date.

(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.

Financial assets and liabilities offset have been disclosed in note 4.

(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. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units from the Fund.

Units are classified as equity when 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;

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders (continued)

- 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.

As at 30 June 2017, net assets attributable to unitholders are classified as a financial liability. Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity as they satisfied all the above criteria.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Investment income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis.

Dividend income is recognised in the statement of comprehensive income on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions are recognised on an entitlements basis when declared.

Other operating income is recognised on an accruals basis.

(f) Expenses

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

(g) Income tax

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

Financial instruments held 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.

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.

2 Summary of significant accounting policies (continued)

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

Income not distributed is included in net assets attributed to unitholders. When the Fund's units are classified as liabilities, movements in net assets attributable to unitholders are recognised in profit or loss as finance costs.

(i) 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*

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.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains/(losses) on financial instruments at fair value through profit or loss in the statement of comprehensive income.

(j) 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. Trades are recorded on trade date, and normally settled within two business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

(k) Receivables

Receivables may include amounts for dividends, trust distributions, interest and applications received for units in the Fund where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e) above.

Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

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

The distribution amount payable to unitholders as at the end of the reporting period is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

2 Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management fees and other expenses have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC), hence management 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 flow on a gross basis.

(n) Use of estimates

The Fund may make 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.

3 Financial risk management

Overview

The Fund's assets primarily consist of financial instruments which comprise listed international securities. It holds these investments at the discretion of the Investment Manager, Copper Rock Capital Partners, in accordance with the provisions of the Fund's Constitution.

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the risks below, the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Reports from the Fund's Investment Manager include details of the controls it has in place to monitor compliance with the Fund's investment strategy, training and personnel management standards and procedures, and details of how the Investment Manager develops and maintains a disciplined and constructive control environment in which its employees understand their roles and obligations.

The Fund's investing activities expose it to the following risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

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

The Fund's strategy on the management of the investment risk is driven by the Fund's investment objective and all transactions are carried out within the investment guidelines set by the Responsible Entity. Information relating to the investment objective and guidelines can be obtained from the Product Disclosure Statement.

(i) Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from foreign exchange risk and interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

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

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

Price risk is managed by the Investment Manager through diversification of the portfolio in accordance with the investment strategy and asset composition described in the Product Disclosure Statement.

A sensitivity analysis of price risk is provided in note 3(a)(iv).

(ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to foreign exchange risk on financial instruments, cash held, receivables and liabilities that are denominated in a currency other than the functional currency (Australian dollars) of the Fund. These transactions are denominated in numerous currencies.

The Fund's strategy on the management of foreign exchange risk is driven by the Fund's investment objective. The Fund's foreign exchange risk is managed and monitored on a daily basis by the Investment Manager in accordance with the investment guidelines as outlined in the Fund's Product Disclosure Statement. Foreign exchange risk is managed by ensuring investments are within the limits set for individual currencies thus minimizing currency concentration risk.

Predicting currencies is difficult but an attempt to minimize foreign exchange risk is made by taking currency forecasts into consideration when making investment decisions.

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Australian dollar.

The table below summarizes the Fund's assets and liabilities that are denominated in these currencies.

| | Net currency exposure | |
|---------------------|-----------------------|------------------|
| | 30 June 2018 | 30 June 2017 |
| | A\$ | A\$ |
| US Dollars | 1,977,580 | 1,823,557 |
| Euro | 434,894 | 590,162 |
| Great Britain Pound | 209,783 | 107,698 |
| Swiss Franc | 209,772 | 187,907 |
| Japanese Yen | 140,326 | 231,786 |
| Other | <u>291,427</u> | <u>474,453</u> |
| Total | <u>3,263,782</u> | <u>3,415,563</u> |

A sensitivity analysis of foreign exchange risk is provided in note 3(a)(iv).

(iii) Interest rate risk

The majority of the Fund's financial assets are non-interest bearing and as such the Fund is not exposed to significant levels of interest rate risk. However, the Fund holds cash for liquidity and transactional purposes. The cash is held at floating interest rates.

3 Financial risk management (continued)

(a) Market risk (continued)

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risk. 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 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 the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

| | Price risk | | Foreign exchange risk | |
|---------------------|------------------|----------------|-----------------------|----------------|
| | -10% | +10% | -10% | +10% |
| | \$ | \$ | \$ | \$ |
| 30 June 2018 | (319,225) | 319,225 | (326,378) | 326,378 |
| 30 June 2017 | (338,857) | 338,857 | (341,556) | 341,556 |

The sensitivity factors for 30 June 2017 were +/-10% for price risk and +/-10% for foreign exchange risk.

In determining the impact of an increase/decrease in operating profit/(loss) and net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonable possible shift in assumptions.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The Fund's credit risk is minimised by the Investment Manager by monitoring counterparty creditworthiness and only dealing with listed exchanges and internally approved counterparties each with set limits. Internally approved counterparties and the associated credit limits are regularly reviewed and monitored by the Investment Manager.

At 30 June 2018, the Fund is exposed to credit risk on its cash and cash equivalents, receivables and due from brokers. The total carrying amount of financial assets exposed to credit risk amounted to \$74,128 (2017: \$352,687).

(i) Settlement of securities transactions

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. The Fund minimises concentration of credit risk by undertaking transactions with numerous brokers. The risk relating to unsettled transactions is considered small due to the short settlement period involved and the high quality of the brokers used. The Fund monitors the credit rating and financial positions of the brokers used to further mitigate credit risk.

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 on purchases of securities only when the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(ii) Cash and cash equivalents

The Fund's cash and cash equivalents are held with State Street Bank and Trust Company, which is rated Aa1 (2017: Aa1) based on rating agency Moody's rating. The Responsible Entity monitors the financial position of State Street Bank and Trust Company on a regular basis.

3 Financial risk management (continued)

(b) Credit risk (continued)

(iii) Derivative financial instruments

Transactions involving derivative financial instruments are usually with counterparties with whom the Fund entered into master netting agreements. Master netting agreements provide for net settlement of contracts with the same counterparty in the event of default. The credit risk associated with derivative financial assets subject to a master netting agreement is eliminated only to the extent that financial liabilities due to the same counterparty will be settled after the assets are realised. The exposure to credit risk reduced by master netting agreements may change significantly within a short period of time as a result of transactions subject to the arrangement.

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

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

(c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's Constitution provides for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholders' redemptions.

The Fund's investments are mainly listed equity securities and are considered to be readily realisable as they are all listed in major stock exchanges within the MSCI World Index.

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place. The risk management guidelines adopted are designed to minimise liquidity risk through:

- Ensuring that there is no significant exposure to illiquid or thinly traded securities at the time of purchase.
- Applying limits to ensure there is no concentration of liquidity risk to a particular counterparty.

(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 at balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unitholder's option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

| As at 30 June 2018 | Less than 1 month \$ | 1-6 months \$ | 6-12 months \$ | At call \$ | Total \$ |
|------------------------|----------------------------|---------------------|----------------------|---------------|-------------|
| Payables | 14,416 | - | - | - | 14,416 |
| Contractual cash flows | 14,416 | - | - | - | 14,416 |

3 Financial risk management (continued)

(c) Liquidity risk (continued)

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

| As at 30 June 2017 | Less than 1 month \$ | 1-6 months \$ | 6-12 months \$ | At call \$ | Total \$ |
|--|----------------------------|---------------------|----------------------|------------------|------------------|
| Payables | 325,703 | - | - | - | 325,703 |
| Net assets attributable to unitholders | - | - | - | 3,415,545 | 3,415,545 |
| Contractual cash flows | <u>325,703</u> | <u>-</u> | <u>-</u> | <u>3,415,545</u> | <u>3,741,248</u> |

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

The Fund did not hold the derivative financial instruments as at 30 June 2018. The net settled derivative financial instruments as at 30 June 2017 as below:

| As at 30 June 2017 | Less than 1 month \$ | 1-6 months \$ | 6-12 months \$ | Over 12 months \$ | No stated maturity \$ | Total \$ |
|-------------------------|----------------------------|---------------------|----------------------|-------------------------|-----------------------------|-------------|
| Net settled derivatives | | | | | | |
| Spot currency contracts | (12) | - | - | - | - | (12) |
| | <u>(12)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12)</u> |

4 Offsetting financial assets and financial liabilities

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. The gross and net positions of financial assets and liabilities that have been offset in statement of financial position are disclosed in the first three columns of the tables below.

4 Offsetting financial assets and financial liabilities (continued)

The Fund did not hold the derivative financial instruments as at 30 June 2018. The offsetting financial assets and financial liabilities as at 30 June 2017 as below:

| | Effects of offsetting on the statement of financial position | | | Related amount not offset | | |
|--------------------------------------|--|--|--|--|-----------------------------|------------|
| | Gross amounts | Gross amounts set off in the statement of financial position | Net amounts presented in the statement of financial position | Amounts subject to master netting arrangements | Collateral pledged/received | Net amount |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| As at 30 June 2017 | | | | | | |
| Financial assets | | | | | | |
| Derivative financial instruments | 424,631 | (424,594) | 37 | - | - | 37 |
| Total | 424,631 | (424,594) | 37 | - | - | 37 |
| Financial liabilities | | | | | | |
| Derivative financial instruments (i) | 424,643 | (424,594) | 49 | - | - | 49 |
| Total | 424,643 | (424,594) | 49 | - | - | 49 |

(i) Master netting arrangement - not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association ("ISDA") Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position, but have been presented separately in this note.

5 Fair value measurement

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

- Financial assets / liabilities designated at fair value through profit or loss (FVTPL) (see note 11 and note 12)
- Financial assets / liabilities held for trading (see note 11 and note 12)
- Derivative financial instruments (see note 16)

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

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)

5 Fair value measurement (continued)

(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 period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 of the financial statements.

Financial assets and liabilities are priced at last traded prices.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

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.

(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, option pricing models 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 period applicable for an instrument with similar terms and conditions.

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 period taking into account current market conditions (volatility and appropriate yield curve) and the current credit worthiness 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.

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

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.

5 Fair value measurement (continued)

(iii) Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 30 June 2018 and 30 June 2017.

| As at 30 June 2018 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|------------------|---------------|---------------|------------------|
| Financial assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| Equity securities | 3,110,658 | - | - | 3,110,658 |
| Unit trusts | <u>81,594</u> | <u>-</u> | <u>-</u> | <u>81,594</u> |
| Total | <u>3,192,252</u> | <u>-</u> | <u>-</u> | <u>3,192,252</u> |

| As at 30 June 2017 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|------------------|---------------|---------------|------------------|
| Financial assets | | | | |
| Financial assets held for trading: | | | | |
| Spot currency contracts | - | 37 | - | 37 |
| Financial assets designated at fair value through profit or loss: | | | | |
| Equity securities | 3,351,748 | - | - | 3,351,748 |
| Unit trusts | <u>36,825</u> | <u>-</u> | <u>-</u> | <u>36,825</u> |
| Total | <u>3,388,573</u> | <u>37</u> | <u>-</u> | <u>3,388,610</u> |
| Financial liabilities | | | | |
| Financial liabilities held for trading: | | | | |
| Spot currency contracts | <u>-</u> | <u>49</u> | <u>-</u> | <u>49</u> |
| Total | <u>-</u> | <u>49</u> | <u>-</u> | <u>49</u> |

The Fund held listed equity securities and listed unit trusts as at 30 June 2018 (listed equity securities and listed unit trusts as at 30 June 2017).

(iv) 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 period.

There were no transfers between levels in the fair value hierarchy for the years ended 30 June 2018 and 30 June 2017.

(v) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2018 and year ended 30 June 2017.

(vi) Financial instruments not carried at fair value

The Fund did not hold any financial instruments which were not measured at fair value in the statement of financial position during the year ended 30 June 2018 or year ended 30 June 2017. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate their fair value.

6 Auditor's remuneration

| | Year ended | |
|---|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Audit and review services | | |
| Audit and audit related services - KPMG | | |
| Financial statements audit | 10,710 | 10,500 |
| Compliance plan audit | <u>3,400</u> | <u>3,600</u> |
| Total remuneration for audit and audit related services | <u>14,110</u> | <u>14,100</u> |
| Taxation services | | |
| Tax compliance services - KPMG | <u>5,385</u> | <u>5,300</u> |
| Total remuneration for taxation services | <u>5,385</u> | <u>5,300</u> |
| Total remuneration | <u>19,495</u> | <u>19,400</u> |

The Auditor's remuneration is borne by the Responsible Entity.

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

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

| | Year ended | |
|--|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Net unrealised gains/(losses) on financial instruments held for trading | 12 | 418 |
| Net unrealised gains/(losses) on financial instruments designated at fair value through profit or loss | <u>163,561</u> | <u>506,163</u> |
| | <u>163,573</u> | <u>506,581</u> |
| Net realised gains/(losses) on financial instruments held for trading | (8,727) | (3,370) |
| Net realised gains/(losses) on financial instruments designated at fair value through profit or loss | <u>344,382</u> | <u>218,181</u> |
| | <u>335,655</u> | <u>214,811</u> |
| Total net gains/(losses) on financial instruments held at fair value through profit or loss | <u>499,228</u> | <u>721,392</u> |

8 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 shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Prior to 1 July 2017 the Fund classified its net assets attributable to unitholders as liabilities in accordance with AASB 132. On 1 July 2017, the Fund has elected into the AMIT tax regime. The Fund's constitution has been amended and it no longer has 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 from 1 July 2017 onwards.

8 Net assets attributable to unitholders (continued)

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Fund's distributions are no longer classified as finance cost in the statement of comprehensive income, but rather as dividends paid in the statement of changes in equity.

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

| | Year ended | | | |
|---|------------------|------------------|------------------|------------------|
| | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 |
| | Units | Units | \$ | \$ |
| Opening balance* | 3,772,113 | 6,330,522 | 3,415,545 | 4,861,041 |
| Applications | 336,216 | 395,749 | 320,192 | 324,207 |
| Redemptions | (1,016,096) | (2,954,158) | (981,323) | (2,479,155) |
| Increase/(decrease) in net assets attributable to unitholders | - | - | - | 709,452 |
| Profit/(loss) for the year | - | - | 497,550 | - |
| Closing balance* | 3,092,233 | 3,772,113 | 3,251,964 | 3,415,545 |

*Net assets attributable to unitholders are classified as equity at 30 June 2018 and as a financial liability at 30 June 2017. Refer to note 1 for further details.

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 until 30 June 2017. 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.

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 a redemption of units if the exercise of such discretion is in the best interests of unitholders.

9 Cash and cash equivalents

| | As at | |
|--|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Cash at bank | 64,956 | 55,888 |
| Total cash and cash equivalents | 64,956 | 55,888 |

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

| | Year ended | |
|---|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| (a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities | | |
| Profit/(loss) for the year | 497,550 | - |
| Increase/(decrease) in net assets attributable to unitholders | - | 709,452 |
| Net changes in financial instruments held at fair value through profit or loss | (499,228) | (721,392) |
| Net foreign exchange (gains)/losses | (10,766) | 4,808 |
| Net change in receivables | 3,773 | 434 |
| Net change in payables | (1,348) | (419) |
| Net cash inflow/(outflow) from operating activities | <u>(10,019)</u> | <u>(7,117)</u> |

As described in note 2, income not distributed is included in net assets attributable to unitholders. The change in this amount (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 Financial assets held at fair value through profit or loss

| | As at | |
|---|------------------|------------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Held for trading | | |
| Derivatives (note 16) | - | 37 |
| Total held for trading | - | 37 |
| Designated at fair value through profit or loss | | |
| Equity securities | 3,110,658 | 3,351,748 |
| Unit trusts | 81,594 | 36,825 |
| Total designated at fair value through profit or loss | <u>3,192,252</u> | <u>3,388,573</u> |
| Total financial assets held at fair value through profit or loss | <u>3,192,252</u> | <u>3,388,610</u> |

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

12 Financial liabilities held at fair value through profit or loss

| | As at | |
|--|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Held for trading | | |
| Derivatives (note 16) | - | 49 |
| Total held for trading | - | 49 |
| Total financial liabilities held at fair value through profit or loss | - | 49 |

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

13 Receivables

| | As at | |
|--|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Distributions and dividends receivable | 5,491 | 9,456 |
| Other receivables | 981 | 789 |
| Total receivables | 6,472 | 10,245 |

14 Payables

| | As at | |
|-------------------------------|-----------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Redemptions payable | 10,763 | 320,702 |
| Management fees payable | 2,437 | 2,837 |
| Expense recovery fees payable | 1,214 | 2,156 |
| Other payables | 2 | 8 |
| Total payables | 14,416 | 325,703 |

15 Other operating income

| | Year ended | |
|-------------------------------------|------------------|-----------------|
| | 30 June 2018 | 30 June 2017 |
| | \$ | \$ |
| Other income | <u>16</u> | <u>-</u> |
| Total other operating income | <u>16</u> | <u>-</u> |

16 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, options and swaps. 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. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy.

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.

The Fund holds the following derivative instruments:

(a) Foreign currency contracts

Forward currency contracts are primarily used by the Fund to economically 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 currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

Spot currency contracts are primarily used by the Fund for the purposes of trading settlements where the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on the spot date. These contracts are valued and translated at the prevailing spot bid price at the end of each reporting period. The Fund recognises a gain or loss equal to any change in value between the date of the spot currency contract and reporting date.

16 Derivative financial instruments (continued)

The Fund did not hold derivative financial instruments as at 30 June 2018. The derivative financial instruments as at 30 June 2017 detailed below:

| As at 30 June 2017 | Contractual/ notional \$ | Fair values | |
|-------------------------|--------------------------------|--------------|-------------------|
| | | Assets \$ | Liabilities \$ |
| Spot currency contracts | 424,594 | 37 | 49 |
| | <u>424,594</u> | <u>37</u> | <u>49</u> |

17 Related party transactions

Responsible Entity

The Responsible Entity of Ironbark Copper Rock Global All Cap Share Fund is Ironbark Asset Management (Fund Services) Limited (ABN 63 116 232 154) (AFSL 298626). Accordingly, transactions with entities related to Ironbark Asset Management (Fund Services) Limited are disclosed below.

(a) Key management personnel

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the key management personnel.

Key management personnel of the Responsible Entity include persons who held office as directors of the Responsible Entity at any time during the year and up to the date of this report:

B Carpenter
A Donald
C Larsen

(b) Key management personnel unitholdings

Key management personnel of the Responsible Entity did not hold units in the Fund as at 30 June 2018 (2017: Nil).

(c) Key management personnel compensation

Key management personnel were paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity did not include any amounts directly attributable to the compensation of key management personnel.

(d) Key management personnel loan disclosures

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

(e) Other transactions within the Fund

Apart from those details disclosed in this note, the Responsible Entity has not entered into any other material contract with the Fund since the end of the previous financial year and there were no material contracts involving director's interests at year end.

17 Related party transactions (continued)

(f) Responsible Entity's fees and other transactions

Management fees

Management fees are calculated in accordance with the Fund's Constitution. For the year ended 30 June 2018, the management fee was 0.900% (2017: 0.900%) per annum of the net asset value of the Fund, inclusive of the net effect of GST.

Expense recovery fees

The Fund's Constitution allows the Responsible Entity to recover from the Fund all expenses incurred in relation to the proper performance of its duties in respect of the Fund and whilst the Fund's Constitution does not place any limit on the amount that can be recovered from the Fund, it has been determined that at this time, expense recoveries will be capped at 0.194% (2017: 0.194%) per annum of the average net asset value of the Fund.

Total expense recovery fees for the year ended 30 June 2018 amounted to \$7,288 (2017: \$9,689), which represents 0.225% (2017: 0.225%) of the average net asset value of the Fund.

Balances with related parties

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 were as follows:

| | 30 June 2018 | 30 June 2017 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Management fees for the year | 30,098 | 37,267 |
| Expense recovery fees for the year | 7,288 | 9,689 |
| Aggregate amounts payable to the Responsible Entity at the reporting date | 3,651 | 4,993 |

(g) Related party unitholdings

Parties related to the Fund including the Responsible Entity, its related parties and other funds managed by the Responsible Entity, did not hold any units in the Fund as at 30 June 2018 (2017: Nil).

(h) Investments

The Fund did not hold any investments in the Responsible Entity or its related parties during the year (2017: Nil).

18 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2018 or on the results and cash flows of the Fund for the year ended on that date.

19 Contingent assets and liabilities and commitments

There were no outstanding contingent assets and liabilities or commitments as at 30 June 2018 and 30 June 2017.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 30 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 30 June 2018 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 for and on behalf of the Responsible Entity.



Director

Sydney
25 September 2018



Independent Auditor's Report

To the unitholders of Ironbark Copper Rock Global All Cap Share Fund

Opinion

We have audited the **Financial Report** of Ironbark Copper Rock Global All Cap Share Fund (the Fund).

In our opinion, the accompanying Financial Report of the 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 2018, 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 2018
- Statement of comprehensive income, 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 relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Ironbark Asset Management (Fund Services) Ltd (the Responsible Entity) are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report.

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 Directors for the Financial Report

The Directors of 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; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern assumption 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our Auditor's Report.

David Kells

Partner

Sydney

25 September 2018