ASIA PACIFIC BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2018

REPORT AND FINANCIAL STATEMENTS
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ASIA PACIFIC BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	C Hickling J Lewis D Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
INVESTMENT ADVISER:	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
AUDITOR:	Saffery Champness PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	48918

ASIA PACIFIC BASKET LIMITED

REPORT OF THE DIRECTORS
For the year ended 30 September 2018

The Directors present their report and the audited financial statements ("the financial statements") for the year ended 30 September 2018.

Principal Activity

The principal activity of the Company is investment holding.

The Company is a Guernsey authorised closed-ended investment company and is subject to the Registered Collective Investment Scheme Rules 2015 (Registered Closed Ended Investment Scheme Rules 2018 as of 6 October 2018). The Company is listed on the Bermuda Stock Exchange.

At an Extraordinary General Meeting of the Company held on 28 August 2017, shareholders approved a special resolution to extend the life of the Company for a further period of between 5 and 10 years from the Company's current termination date of 20 December 2017, and authorised the Directors to seek to raise additional capital through a secondary fund raising. Under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 28 August 2017, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate between January 2023 and January 2028.

Going concern

These financial statements have been prepared on a going concern basis, as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future.

Results and Dividends

The Statement of Comprehensive Income is set out on page 9. The Directors do not propose a dividend for the year (2017: Nil).

Directors

The Directors of the Company during the year and to the date of this report are detailed below.

C Hickling

J Lewis

D Stephenson

Directors' and Other Interests

Janine Lewis is a director of Praxis Fund Services Limited ('PFSL'), the Company's Administrator, Secretary, Custodian and Registrar, and David Stephenson is an employee of PFSL. Janine Lewis, Chris Hickling and David Stephenson are shareholders in PraxisIFM Group Limited, the ultimate parent company of PFSL.

During the year, no Director has had any beneficial interest in the shares of the Company.

No Director of the Company, or Investec Corporate and Institutional Banking ('ICIB'), the Investment Advisor to the Company, holds any right, either contingent or otherwise, to subscribe for shares in the Company.

Details of fees paid to PFSL and ICIB during the year are contained in notes 4 and 15 to these Financial Statements.

No fees were paid to the Directors by the Company during the year.

Historical Results

The results and assets and liabilities of the Company for the last 5 years are as follows:

	Total Assets	Total Liabilities	Total Comprehensive Income
	AUD	AUD	AUD
Year ended 30 September 2018	151,309,679	106,035	17,574,923
Year ended 30 September 2017	87,587,210	97,791	19,687,215
Year ended 30 September 2016	67,893,943	91,739	3,475,026
Year ended 30 September 2015	64,432,431	105,253	1,587,712
Year ended 30 September 2014 (restated)	62,810,570	71,104	4,611,619

Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost AUD	Market Value AUD
Investec Bank Limited Subordinated Callable Notes	83.4%	110,194,344	118,132,756
UBS AG Index Basket Option	16.6%	12,452,717	23,470,466
		122,647,061	141,603,222

Investec Bank Limited and UBS AG are providers of financial services.

Statement of Directors' Responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report, which complies with the requirements of The Companies (Guernsey) Law, 2008.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with The Companies (Guernsey) Law, 2008. The Directors have chosen to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Statement of Directors' Responsibilities (continued)

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with International Financial Reporting Standards, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Auditor

A resolution to re-appoint Saffery Champness as auditor will be put to the members at the Annual General Meeting.

By Order of the Board

David Stephenson
Director
6 March 2019

Opinion

We have audited the financial statements of Asia Pacific Basket Limited (the "Company") for the year ended 30 September 2018, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs").

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Company as at 30 September 2018 and of the profit for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

In our opinion the financial statements:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, 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.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability 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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

SAFFERY CHAMPNESS GAT
Chartered Accountants
Guernsey
6 March 2019

ASIA PACIFIC BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2018

	Notes	**2018** **AUD**	2017 AUD
REVENUE			
Interest income	5	**6,118,516**	4,031,444
GAINS/(LOSSES) ON INVESTMENTS			
Realised gains on investments at fair value through profit or loss	6	**8,223,280**	-
Unrealised (losses)/gains on investments at fair value through profit or loss	6	**(3,173,084)**	17,554,958
Realised losses on derivatives at fair value through profit and loss	8	**(258,396)**	(1,029,572)
Reclassification of prior year revaluation gains		**802,023**	-
		11,712,339	20,556,830
Operating expenses	9	**(1,832,526)**	(869,615)
Foreign exchange gains		**17,486**	-
PROFIT FOR THE YEAR		**9,897,299**	19,687,215
OTHER COMPREHENSIVE INCOME			
Items reclassifiable to profit and loss			
Reclassification of prior year revaluation gains		**(802,023)**	-
Foreign exchange translation gains		**8,479,647**	-
TOTAL OTHER COMPREHENSIVE INCOME		**7,677,624**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,574,923**	**19,687,215**
Earnings per share			
Basic and diluted earnings per share	10	**AUD 129.96**	AUD 354.66

The notes on pages 13 to 26 are an integral part of these financial statements.

ASIA PACIFIC BASKET LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	**2018 AUD**	2017 AUD
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	6	**141,603,222**	-
		141,603,222	-
CURRENT ASSETS			
Investments at fair value through profit and loss	6	**-**	27,898,285
Available-for-sale investments	7	**-**	59,029,345
Derivatives at fair value through profit and loss	8	**-**	258,396
Trade and other receivables	11	**507,290**	184,816
Fixed deposits		**7,808,831**	-
Cash and cash equivalents		**1,390,336**	216,368
		9,706,457	87,587,210
CURRENT LIABILITIES			
Trade and other payables	12	**(78,989)**	(97,791)
NET CURRENT ASSETS		**9,627,468**	87,489,419
NON-CURRENT LIABILITIES			
Trade and other payables	12	**(27,046)**	-
		151,203,644	87,489,419
CAPITAL AND RESERVES			
Share capital	13	**975**	565
Share premium	14	**117,785,352**	57,878,978
Retained earnings		**24,937,670**	28,807,853
Translation reserve		**8,479,647**	-
Revaluation reserve		**-**	802,023
EQUITY SHAREHOLDERS' FUNDS		**151,203,644**	87,489,419
Number of fully paid Class A AUD shares		**35,052.21**	55,510.64
Number of fully paid Class B USD shares		**47,088.07**	-
Net Asset Value per Class A AUD share		**AUD 1,840.80**	AUD 1,576.08
Net Asset Value per Class B USD share		**USD 1,329.53**	-

The financial statements were approved and authorised for issue by the Board on 6 March 2019 and signed on its behalf by:

David Stephenson
Director

The notes on pages 13 to 26 are an integral part of these financial statements.

ASIA PACIFIC BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2018

	Management Shareholders	Ordinary Shareholders					Total
	Share Capital AUD	**Share Capital AUD**	**Share Premium AUD**	**Retained Earnings AUD**	**Revaluation reserve AUD**	**Translation reserve AUD**	**Total AUD**
Year ended 30 September 2017							
At 30 September 2016	10	555	57,878,978	9,120,638	802,023	-	67,802,204
Net profit for the year	-	-	-	19,687,215	-	-	19,687,215
At 30 September 2017	10	555	57,878,978	28,807,853	802,023	-	87,489,419
Year ended 30 September 2018							
Redemption of shares (see notes 13,14)	**-**	**(211)**	**(22,804,483)**	**(13,767,482)**	**-**		**(36,572,176)**
Issue of shares (see notes 13,14)	**-**	**621**	**82,721,262**	**-**	**-**		**82,721,883**
Share issue costs	**-**	**-**	**(10,405)**	**-**	**-**		**(10,405)**
Net profit for the year	**-**	**-**	**-**	**9,897,299**	**-**		**9,897,299**
Other comprehensive income							
Reclassification of prior year revaluation gains on investments disposed of during the year (see note 8)	**-**	**-**	**-**	**-**	**(802,023)**		**(802,023)**
Foreign exchange translation gains	**-**	**-**	**-**	**-**	**-**	**8,479,647**	**8,479,647**
At 30 September 2018	**10**	**965**	**117,785,352**	**24,937,670**	**-**	**8,479,647**	**151,203,644**

The notes on pages 13 to 26 are an integral part of these financial statements.

ASIA PACIFIC BASKET LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 September 2018

	Notes	2018 AUD	2017 AUD
Cash flows from operating activities			
Net profit for the year		**9,897,299**	19,687,215
Adjustments for:			
Interest income	5	**(6,118,516)**	(4,031,444)
Realised gains on investments at fair value through profit or loss	6	**(8,223,280)**	-
Unrealised lossesd/(gains) on investments at fair value through profit or loss	6	**3,173,084**	(17,554,958)
Realised losses on derivatives at fair value through profit and loss	8	**258,396**	1,029,572
Reclassification of prior year revaluation gains		**(802,023)**	-
(Increase)/decrease in trade and other receivables		**(276,659)**	598,235
Increase in trade and other payables		**8,244**	6,052
Net cash outflow from operating activities		**(2,083,455)**	(265,328)
Cash flows from investing activities			
Purchases of investments at fair value through profit or loss	6	**(131,629,380)**	-
Disposals of available-for-sale investments	7	**59,986,501**	-
Disposals of investments at fair value through profit or loss	6	**36,121,565**	-
Bank interest income		**514**	1,530
Transfer to fixed deposits		**(7,808,831)**	-
Net cash (outflow)/inflow from investing activities		**(43,329,631)**	1,530
Cash flows from financing activities			
Receipts from issue of shares	13,14	**82,721,883**	-
Capitalised launch costs	14	**(10,405)**	-
Payments for redemptions of shares	13,14	**(36,572,176)**	-
Net cash inflow from financing activities		**46,139,302**	-
Increase/(decrease) in cash and cash equivalents for the year		**726,216**	(263,798)
Cash and cash equivalents at the beginning of the year		**216,368**	480,166
Foreign exchange translation gains		**447,752**	-
Cash and cash equivalents at the end of the year		**1,390,336**	216,368

The notes on pages 13 to 26 are an integral part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The financial statements of Asia Pacific Basket Limited, with domicile in Guernsey, have been prepared in accordance with International Financial Reporting Standards ('IFRS').

Going concern
At an Extraordinary General Meeting of the Company held on 28 August 2017, shareholders approved a special resolution to extend the life of the Company for a further period of between 5 and 10 years from the Company's original termination date of 20 December 2017, and authorised the Directors to seek to raise additional capital through a secondary fund raising. Under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 28 August 2017, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate between December 2022 and December 2027. As a result, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, these financial statements have been prepared on a going concern basis.

Adoption of new and revised Standards
No new or amended standards have been applied for the first time in these financial statements.

New, revised and amended standards and interpretations not yet adopted
At the date of authorisation of these financial statements, the following relevant standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2018);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2018).

In addition, the IASB completed its Annual Improvements 2014-2016 Cycle project in December 2016 and its Annual Improvements 2015-2017 Cycle project in December 2017. These projects have amended certain existing standards and interpretations effective for accounting periods commencing on or after 1 January 2018 or 1 January 2019.

The adoption of IFRS 9 is not expected to have a material impact on these Financial Statements, principally for the following reasons:

- the classification and measurement methodology for all of the Company’s assets and liabilities will remain the same under IFRS 9 as under IAS 39;
- the Company’s investments are measured at fair value and so the changes in IFRS 9 relating to the assessment of credit losses do not apply to these instruments;
- the Company does not apply hedge accounting, and is therefore unaffected by the hedge accounting-related changes introduced in IFRS 9.

The adoption of IFRS 15 is not expected to have a material effect on these Financial Statements as the Company has no income within the scope of IFRS 15.

Other than noted above, the Directors believe that none of these standards and interpretations will have a material effect on the financial statements of the Company.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue includes bank and bond interest and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Bond interest is calculated on an effective interest rate basis. Other revenues are accounted for on an accruals basis.

Expenses
Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which were charged against share premium.

Foreign exchange
Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). Until the Company's rollover on 21 December 2017, the Directors determined that the functional currency of the Company was Australian Dollars, as it was the currency in which the Company's capital had been raised and in which the majority of the Company's expenses were incurred, notwithstanding that the Company's investments were denominated in Sterling. Subsequent to 21 December 2017, the Directors have determined that the functional currency of the Company is US Dollars, as it is the currency in which the Company's investments are denominated, the majority of capital raised and in which the majority of the Company's expenses are incurred. For consistency with previous annual financial statements, the Directors have selected Australian Dollars as the presentation currency of the Company.

Foreign currency assets and liabilities are translated into Australian Dollars at the rate of exchange ruling on the balance sheet date. Foreign currency transactions are translated into the functional currency of US Dollars at the rate of exchange ruling on the date of the transaction and then translated into Australian Dollars for presentation purposes. Foreign exchange gains and losses relating to the functional currency are recognised in the Statement of Comprehensive Income in the period in which they arise. Differences arising on translation from the functional currency to the presentation currency are recognised in other comprehensive income in the period in which they arise.

Investments
The Company's Option investment is classified as an investment at fair value through profit or loss.

The Company's investment in Investec Bank Limited Subordinated Callable Notes acquired during the year has been designated at inception as an investment at fair value through profit or loss.

The Company's investment in an Investec Bank Limited Structured Deposit, which was disposed of during the year, was classified as an available-for-sale investment.

All investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Transaction costs relating to the acquisition of investments at fair value through profit or loss are expensed as incurred in the Statement of Comprehensive Income. Transaction costs relating to the acquisition of available-for-sale investments are capitalised. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, the Company measures its investments at fair value through profit or loss.

Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the year end date. Gains arising on the disposal of investments are recognised in the Statement of Comprehensive Income, as are unrealised gains on investments at fair value through profit and loss. Unrealised gains on available-for-sale investments are recognised in Other Comprehensive Income. All gains or losses are recognised in the period in which they arise. Prior year revaluation gains on available-for-sale investments disposed of during the year are reclassified through the Statement of Comprehensive Income in the period in which the investments are disposed of.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Liquid resources

Liquid resources comprise cash and cash equivalents and fixed deposits. Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as fixed deposits.

Trade and other receivables

Trade receivables are stated at amortised cost less any impairment. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other receivables and their fair value.

Trade and other payables

Trade payables are stated at amortised cost. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other payables and their fair value.

Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2017: £1,200).

Translation reserve

Gains or losses arising on translation from the Company's functional currency to the presentation currency are taken to the translation reserve.

2. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

For details of the Directors' judgements in relation to the determination of the Company's functional currency, please refer to note 1, 'Foreign exchange'.

The Directors have determined that the Company's investment in Investec Bank Limited Subordinated Callable Notes and its Option investment should be classified as investments at fair value through profit or loss. The methodologies for establishing the fair value of the Company's investments are detailed in note 6.

4. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

Administration, Custodian and Secretarial Agreement
Under the Administration, Custodian and Secretarial Agreement, with effect from 21 December 2017, the Company has agreed to pay or procure to be paid to the administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.15% (2017: 0.15%) per annum of the Company's funds for the year ending 21 December 2018 and 0.135% per annum in subsequent years (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of 0.5% of the value of the redemption). In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11 12 and 15 for details of administration fees and interest paid in the year and balances outstanding at the year end.

Investment Advisory Agreement
Under the Investment Advisory Agreement, with effect from 21 December 2017, the Company has agreed to pay or procure to be paid to the advisor, for its services as advisor, a fee of 0.65% (2017: 0.55%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of 0.5% of the value of the redemption). In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11, 12 and 15 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end.

Distribution Agreement
Under the Distribution Agreement, with effect from 21 December 2017, the Company has agreed to pay or procure to be paid to the distributors a fee of 0.65% (2017: 0.7%) per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the distributor (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date), or holders of existing issued Ordinary Shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date). See notes 9, 11 and 12 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date (the date of compulsory redemption of the Ordinary shares).

5. INTEREST INCOME

	2018	2017
	AUD	AUD
Interest on available-for-sale investments	**957,156**	4,029,914
Interest on investments at fair value through profit or loss	**5,115,031**	-
Bank interest	**46,329**	1,530
	6,118,516	4,031,444

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2018	2017
	AUD	AUD
Credit Suisse Index Basket Option		
Fair value brought forward	**27,898,285**	10,343,327
Disposal in the year	**(36,121,565)**	-
Realised gain on disposal	**8,223,280**	-
Fair value adjustment in the year	**-**	17,554,958
Fair value carried forward	**-**	27,898,285
UBS AG Index Basket Option		
Acquisition in the year	**21,435,036**	-
Fair value adjustment in the year	**708,462**	-
Translation difference	**1,326,968**	-
Fair value carried forward	**23,470,466**	-

The Credit Suisse Option matured on 20 December 2017. On 21 December 2017 the Company acquired an option issued by UBS AG linked to a basket of indices comprising the following:

• S&P 500 Index	40%
• Euro Stoxx 50 Index	30%
• Nikkei 225 Index	15%
• iShares MSCI Emerging Markets Index	15%

The Directors determine the fair value of the Option based on valuations provided by UBS AG. These valuations are calculated using a formula specified in the Option contract, which is based on the movements in the closing prices of the above Indices from the issue date of the Option to the reporting date. The Option has been classified as a level 2 investment in the fair value hierarchy (see note 16 (iv)).

Investec Bank Limited Subordinated Callable Notes	**AUD**	AUD
Acquisition during the year	**110,194,344**	-
Interest in the year	**5,115,031**	-
Fair value adjustment in the year	**(3,881,546)**	-
Translation difference	**6,704,927**	-
Fair value carried forward	**118,132,756**	-

The Investec Bank Limited Subordinated Callable Notes (the "Notes") were acquired on 28 December 2017. The Notes function as zero coupon notes for a period of five years, and are redeemable at the option of the issuer on 28 December 2022. Should the Notes not be redeemed on 28 December 2022, they will subsequently be reclassified as Floating Rate Notes, paying interest quarterly at a rate of USD LIBOR plus 4%, with an ultimate compulsory maturity date of 28 December 2027.

The Directors determine the fair value of the Notes based on valuations provided by Investec Bank Limited. These valuations are calculated on a discounted cash flow basis, taking into account credit risk and prevailing USD LIBOR rates at the date of valuation. The Notes have been classified as a Level 3 investment in the fair value hierarchy (see note 16 (iv)).

7. AVAILABLE-FOR-SALE INVESTMENTS

	2018 AUD	2017 AUD
Investec Bank Limited Structured Deposit		
Fair value brought forward	**59,029,345**	54,999,431
Interest in the year	**957,156**	4,029,914
Disposal in the year	**(59,986,501)**	-
Fair value carried forward	**-**	59,029,345

The Structured Deposit matured on 20 December 2017.

8. DERIVATIVES AT FAIR VALUE THROUGH PROFIT AND LOSS

	2018 AUD	2017 AUD
Fair value brought forward	**258,396**	1,287,968
Loss on disposal in the year	**(258,396)**	-
Fair value adjustment in the year	-	(1,029,572)
Fair value carried forward	**-**	258,396

The derivatives at fair value through profit and loss comprised two interest rate swaps utilised to fix the interest payable on the accreting deposit component of the Structured Deposit (see note 7), which matured on 21 December 2017.

9. OPERATING EXPENSES

	2018 AUD	2017 AUD
Distributor fees	**776,181**	416,044
Investment advisory fees	**790,362**	329,022
Administration fees	**196,952**	91,042
Auditor's remuneration	**16,374**	12,553
Guernsey Financial Services Commission licence fees	**5,888**	6,041
Listing & sponsorship fees	**9,686**	8,805
Statutory fees	**3,042**	3,061
Professional indemnity insurance	**1,684**	1,529
Interest expense	**27,045**	460
Sundry expenses	**5,312**	1,058
	1,832,526	869,615

10. EARNINGS PER ORDINARY SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2018	2017
Profit attributable to Ordinary shares:	**AUD**	AUD
Profit for the purpose of calculation of basic and diluted earnings per share being profit for the year attributable to Ordinary shareholders	**9,897,299**	19,687,215
Number of shares:		
Weighted average number of Ordinary shares for the purpose of basic and diluted earnings per share	**76,157.73**	55,510.64
Earnings per share attributable to Ordinary shares	**AUD 129.96**	AUD 354.66

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the profit generated per share through the year. The weighted average has been calculated with reference to the number of days shares have actually been in issue and hence their ability to influence income generated.

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	AUD	AUD
Bank interest receivable	**45,815**	-
Prepaid administration fee	**47,344**	20,223
Prepaid distributor fees	**198,150**	86,298
Prepaid investment advisory fee	**207,795**	73,216
Other debtors and prepayments	**8,186**	5,079
	507,290	184,816

12. TRADE AND OTHER PAYABLES

	2018	2017
	AUD	AUD
Current		
Distributor fees	**3,238**	2,389
Audit fee	**13,532**	12,830
Sponsorship fee	**-**	3,441
Interest payable	**62,219**	79,131
	78,989	97,791
Non-current		
Interest payable	**27,046**	-

13. SHARE CAPITAL

Authorised

Following the adoption of the Company's amended Articles Of Association on 28 August 2017, the Company no longer has any defined authorised share capital.

	2018	2017
	AUD	AUD
Issued and fully paid		
10 Management shares of AUD 1 each	**10**	10
55,510.641 ordinary shares of AUD 0.01 each	**-**	555
35,052.214 A Class AUD shares of AUD 0.01 each	**350**	-
47,088.068 B Class USD shares of USD 0.01 each	**615**	-
	975	565

At an Extraordinary General Meeting of the Company held on 28 August 2017, shareholders approved a special resolution to extend the life of the Company for a further period of between 5 and 10 years from the Company's current termination date of 20 December 2017, and authorised the Directors to seek to raise additional capital through a secondary fund raising.

Accordingly, during the year 644.720 Class A AUD-denominated shares were issued at a price of AUD 1,733.02 and 47,088.068 Class B USD-denominated shares were issued at a price of USD 1,327.17 (equivalent to AUD 1,733.02). During the year a total of 21,103.147 ordinary shares were redeemed at a price of AUD 1,733.02, and the remaining 34,407.494 ordinary shares were reclassified as Class A AUD-denominated shares.

A Class and B Class shares are entitled to 1 vote each at a general meeting of the Company. Under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 28 August 2017, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate between December 2022 and December 2027. Ordinary shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 15) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

14. SHARE PREMIUM

	2018	2017
	AUD	AUD
Balance brought forward	**57,878,978**	57,878,978
Ordinary shares issued during the year	**82,721,262**	-
Ordinary shares redeemed during the year	**(22,804,483)**	-
Capitalised launch costs	**(10,405)**	-
Balance carried forward	**117,785,352**	57,878,978

15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is PraxisIFM Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company, and the ultimate controlling party is PraxisIFM Group Limited ('PGL'), a company incorporated in Guernsey. PGL is also the ultimate controlling party of Praxis Fund Services Limited ('PFSL'), the administrator of the Company.

PFSL is deemed to be a related party, as Janine Lewis is a director of PFSL and a shareholder in PGL; Chris Hickling is a shareholder in PGL; and David Stephenson is an employee of PFSL and a shareholder in PGL. During the year PFSL received AUD 196,952 (2017: AUD 91,042) for their services as administrator. At the year end date administration fees of AUD 47,344 had been paid to PFSL in advance (2017: AUD 20,223). At the year end date interest on outstanding fees of AUD 5,088 (2017: AUD 16,912) was payable to PFSL.

The Investment Advisor, Investec Corporate and Institutional Banking, a division of Investec Bank Limited, the issuer of the Company's Notes, is deemed to be a related party. During the year Investec Corporate and Institutional Banking received AUD 790,362 (2017: AUD 329,022) for their services as investment advisor. At the year end date advisory fees of AUD 207,795 (2017: AUD 73,216) had been paid to Investec Corporate and Institutional Banking in advance and interest on outstanding fees of AUD 84,176 (2017: AUD 62,219) was payable to Investec Corporate and Institutional Banking.

16. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a zero coupon bond (or other structured product with similar characteristics) and an option or options on a specified index or basket of indices; and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below:

(i) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency of US Dollars (2017: measurement currency of Australian Dollars). As at 30 September 2018, the Company is exposed to foreign exchange risk in relation to the following assets and liabilities:

	2018	2017
	AUD	AUD
Investments at fair value through profit or loss	**-**	27,898,285
Cash and cash equivalents	**540,119**	-
Trade and other payables	**(13,532)**	(12,830)
	526,587	27,885,455

At 30 September 2018, the foreign currency exposure of the Company against the measurement currency of US Dollars, principally to Sterling, represented 0.3% of Equity Shareholder's Funds (2017: 31.9%, against the measurement currency of Australian Dollars, principally to US Dollars). The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the exchange rate of the US Dollar against Sterling at the year end date had been 20% higher/lower, this would have resulted in an increase/decrease in the year end net asset value of AUD 92,759 (2017: AUD 1,394,273, if the exchange rate of the Australian Dollar against the US Dollar had been 5% higher/lower). The sensitivity rate of 20% is regarded as reasonable due to the recent volatility of sterling against other currencies.

The Company had no other material currency exposures as at 30 September 2018 or 30 September 2017.

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(b) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and fixed deposits and on interest payable on outstanding future fees. At 30 September 2018, the Company held cash and cash equivalents of AUD 1,390,336 (2017: AUD 216,368), which earns interest at a floating rate (0.00% as at 30 September 2018 and 30 September 2017), and held the USD equivalent of AUD 7,808,831 on long-term fixed deposit accounts at a weighted average interest rate of 0.98% (2017: AUD Nil). At 30 September 2018, the Company had outstanding future fees of AUD 4,460,587.

Had these balances existed for the whole of the period, the effect on the Statement of Comprehensive Income of an increase/decrease in short term interest rates of 0.5% per annum would have been an increase of AUD 23,693/decrease of AUD 16,741 in total comprehensive income for the year (2017: increase of AUD 1,082/decrease of nil). The sensitivity rate of 0.5% is regarded as reasonable in relation to the current US base rate of 2.5% as US interest rates are not currently volatile.

The investment in the Notes is exposed to fair value interest rate risk, however, whilst changes in market interest rates may give rise to short-term fluctuations in fair value, if the investment in the Notes is held to maturity its maturity value is fixed and is therefore not subject to interest rate risk.

The Company had no other material interest rate exposures as at either 30 September 2018 or 30 September 2017

(c) Price risk
Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company’s investment in the UBS call option is valued by reference to movements in the levels of the underlying indices, and so is directly affected by changes in market prices. The Company's investment in Investec Bank Limited Callable Notes is not directly affected by changes in market prices, as pricing information for the Notes is not based on published market prices.

Price risk is managed at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that will provide capital protection for investors; and a call option on an index or basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Fund. In order to provide capital protection, the amount of bonds acquired is calculated to ensure that the maturing amount will be sufficient to guarantee that all investors who remain in the Fund to maturity will at minimum get back the amount that they invested. The call option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

The investment premise of the Fund involves participation in the potential upside afforded by the Options, whilst enjoying the capital protection afforded by the Notes. Therefore, whilst the Board monitors the performance of the Option and the Notes, it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Fund in the selection of investments, and is not an active ongoing process during the remainder of the life of the Fund.

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

The Company's investments exposed to price risk are as follows:

	2018 AUD	2017 AUD
UBS AG Index Basket Option	23,470,466	-
Credit Suisse Index Basket Call Option	-	27,898,285
	23,470,466	27,898,285

A 50 per cent increase/decrease in the value of the call option at 30 September 2018 would have increased/decreased the Net Asset Value of the Company by AUD 11,735,233 (2017: AUD 13,949,143). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of the Indices to which the Option is linked, magnified by the participation rate of 200% attached to the Option.

(ii) Credit risk

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, fixed deposits, debtors, available-for-sale investments and investments at fair value through profit or loss. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments.

The Company states in its Prospectus that it will invest in subordinated debt instruments issued by Investec Bank Limited ('IBL') and an option linked to a specified index, and provides extensive disclosure to shareholders of those instruments and the risks attached thereto. As a result of this, the Company's policy for managing the credit risk attached to the Company's financial assets is to monitor the credit rating of the relevant counterparty for any significant deterioration, without reference to an absolute range of credit ratings. In the event of there being any significant deterioration in the perceived creditworthiness of the counterparty to a point where shareholders' interest may be at risk, the Directors in their absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. The Directors would only seek to sell the relevant securities or transfer cash if they consider on the advice of the investment advisor that such would be in the best interests of the Company and its shareholders.

In accordance with this policy, the Board and the investment advisor have noted that the credit rating of IBL as at 30 September 2018 was BB+ (30 September 2017: BB+), and also notes Fitch's comment that IBL's rating is constrained by the sovereign rating of South Africa of BB+. The year end rating of Investec plc, a sister company to IBL, is BBB+ (2017: BBB+). As a result, the Directors and the investment advisor believe that it is not in the best interest of shareholders to attempt to unwind the debt instruments prior to their ultimate maturity date on 28 December 2027, as they believe firstly that there has been no significant deterioration in the creditworthiness of IBL, and secondly that obtaining an alternative investment with an institution with a higher credit rating could only be achieved on less favourable terms than those offered by the debt instruments, which could affect the Company's ability to offer capital protection to shareholders on their investment.

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(ii) Credit risk (continued)

The Company monitors the creditworthiness of its counterparties on an ongoing basis.

The majority of the Company's trade and receivables consist of prepayments and there is no credit risk associated with these balances.

The investments at fair value through profit and loss are held with UBS AG, which has a Fitch long-term rating of A- (2017: A-), and with Investec Bank Limited, which has a Fitch long-term rating of BB+ (2017: BB+). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB+ (2017: BBB+).

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2018 the cash on call was AUD 1,390,336 (2017: AUD 216,368), which is considered by the Board to be sufficient to meet all the Company's short-term obligations.

The following table analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the estimated contractual undiscounted cash flows.

30 September 2018	**Less than 6 months AUD**	**6 to 12 months AUD**	**1 to 5 years AUD**
Trade and other payables	**78,989**	**-**	**112,803**
Net exposure	**78,989**	**-**	**112,803**

30 September 2017	Less than 6 months AUD	6 to 12 months AUD	1 to 5 years AUD
Trade and other payables	97,791	-	-
Net exposure	97,791	-	-

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iv) Fair value hierarchy

The following table analyses instruments carried at fair value, by level of the fair value hierarchy. The different levels have been defined as follows:

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

30 September 2018	**Level 1 AUD**	**Level 2 AUD**	**Level 3 AUD**	**Total AUD**
Investments at fair value through profit and loss	**-**	**23,470,466**	**118,132,756**	**141,603,222**
	-	**23,470,466**	**118,132,756**	**141,603,222**

30 September 2017	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit and loss	-	27,898,285	-	27,898,285
Available-for-sale investments	-	59,287,741	-	59,287,741
	-	87,186,026	-	87,186,026

The Company's investment in Investec Bank Limited Callable Notes has been classified in Level 3 of the fair value hierarchy, as none of the inputs to the valuation of the Notes are derived from market prices.

The valuations of the Company's Level 3 investments are calculated on a discounted cash flow basis, using a rate calculated by combining a discount for credit risk and the quarterly compounding equivalent of the USD LIBOR rate for the period most closely approximating the remaining life of the investment (as at 30 September 2018, 4 year USD LIBOR). The following table shows the best estimate of the sensitivity of the Level 3 investments to changes in the discount rate used, with all other variables held constant.

30 September 2018 **Unobservable input**	**Possible reasonable change in input**	**Effect on net assets and profit or loss AUD**
Discount rate	+0.5%	(2,468,951)
	-0.5%	2,524,886

17. CAPITAL RISK MANAGEMENT

The Company's capital comprises the funds it has raised through the issue of share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Company has no external borrowings.

18. POST BALANCE SHEET EVENTS

There were no significant post year end events requiring disclosure in these financial statements.