

GFM COSSACK BOND COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

For the period from 30 June 2017 to 28 June 2018

GFM COSSACK BOND COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

For the period from 30 June 2017 to 28 June 2018

C O N T E N T S

	<u>Page(s)</u>
Board of Directors and Professional Advisors	1 - 2
Board of Directors' report	3 - 5
Independent Auditor's report	6 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of net assets attributable to holders of redeemable shares	10
Statement of cash flows	11
Notes to the financial statements	12 - 31

GFM COSSACK BOND COMPANY LIMITED**BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS**

Board of Directors	Roberts Idelsons Gleb Shestakov Richard Oliver Bernays
Secretarial Agent and Secretary	Stravin Investment Services Limited 28 October Street 1, Block E, Flat 212 Engomi 2414 Nicosia, Cyprus
Administrator	Cyprofund Administration Services Limited 5 Esperidon Street 4 th floor 2001 Nicosia, Cyprus
Independent Auditor in Cyprus	KPMG Limited 14 Esperidon Street 1087 Nicosia Cyprus
Independent Auditor in Cayman Islands	Moore Stephens Cayman Ltd 10 Market Street, Suite 6 Camana Bay, PO Box 30900 Grand Cayman KY1-1204 Cayman Islands
Investment Advisor	RMG Holding Limited 2-4 Arch. Makarios III Avenue Capital Center, 9 th Floor 1065 Nicosia Cyprus
Custodians	Falcon Private Bank Ltd Pelikanstrasse 37, P.O.Box 1376 8021 Zurich Switzerland Signet Bank AS (formerly Bank M2M Europe AS) 3 Antonijas Street, Riga LV-1010 Latvia
Investment Manager	Global Fund Management S.A. Corregimiento de Bella Vista, Urbanisacion Campo Alegre, Calle 52, Edificio PH MONICA, Oficina №6 Panama City Republic of Panama

GFM COSSACK BOND COMPANY LIMITED**BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS** (continued)

Listing Agent	Estera Securities (Bermuda) Ltd (previously known as Appleby Securities (Bermuda) Ltd) 22 Victoria Street P.O. Box HM1179 Bermuda
Legal Advisor	Walkers Global 190 Elgin Avenue George Town, Grand Cayman KY1-9001 Cayman Islands
Registered Office	Walkers Corporate Services Limited Cayman Corporate Centre, 27 Hospital Road George Town, Grand Cayman KY1-9008 Cayman Islands

GFM COSSACK BOND COMPANY LIMITED**BOARD OF DIRECTORS' REPORT**

The Board of Directors of GFM Cossack Bond Company Limited (the “Fund”) presents to the members of the Fund its report together with the audited financial statements of the Fund for the period from 30 June 2017 to 28 June 2018.

INVESTMENT OBJECTIVE AND PRINCIPAL ACTIVITY

The principal activity of the Fund is the investment in emerging markets debt securities. The Fund invests in debt instruments as determined by the Investment Manager from time to time.

The investment objective is to achieve capital appreciation in US dollar terms. The Fund will seek to achieve its investment objective by investing in both US dollar denominated and local currency denominated obligations of sovereign, regional and local governments and to a lesser extent, corporate borrowers in Emerging markets but principally in the Commonwealth of Independent States (CIS) countries. It may hedge local currency exposure.

FINANCIAL RESULTS

Over the financial period ended 28 June 2018, the Fund delivered a total return of 1.08%. It is the worst result for the Fund since 2009. We had two negative months in May and June 2018. We have, therefore, continued for the most part to achieve our main objective to avoid negative months. On a relative basis we continue to outperform the Emerging Markets Bond Index (EMBI). At the end of the reporting period we had outperformed the relevant indices over five years, three years and also one year period. The Fund delivered return of +26.78% vs EMBI +22.25% for the 5 years period, +13.04% vs +11.97% over 3 years, and +1.08% vs -4.39% over 1 year. On a relative basis this was our best performance since 2015.

As these figures show, the market environment has been extremely difficult in 2017/18 financial year. The end of monetary easing in the USA and increase in Fed rate, the strong dollar, and the trade war between US and China all caused severe outflows from EM portfolios.

Portfolio duration decreased by the end of the reporting period to 1.76 years from 1.91 a year ago and yield to maturity of the portfolio increased to 9% from 7.32%.

By the end of the financial period we had decreased our exposure to Russia from 16.3% to 9.6%. Our exposure to Kazakhstan was decreased from 4.6% to 2.2%. Our Ukrainian allocation was increased to 15% from 11%. Our exposure to Azerbaijan was reduced from 3.4% to 0.6%, reflecting the deterioration in the macroeconomic fundamentals. We have decreased our exposure to Belorussian Government debt from 18% to 4%. Cash allocation has been increased by 2% to 3%.

Due to the renewed US sanctions on Iran we have closed our Iranian allocation. We have also closed Mongolian local currency allocation. This financial year our local currency allocation has been reduced from nearly 10% to basically zero because of the risks posed by stronger US Dollar.

As far as risk characteristics are concerned our Sharpe Ratio has deteriorated from 2.82 to 0.4. Annualised Standard Deviation increased very slightly from 0.0139 to 0.0165. Also we have decreased portion of Government debt from 49.2% to 32.3%. Now 32% of our portfolio is invested in Sovereign credit.

Over the twenty one years of our existence, the Fund has weathered many storms but exceeded its investment objective. We believe that the Fund can continue to deliver risk adjusted returns in this unfriendly market environment.

GFM COSSACK BOND COMPANY LIMITED**BOARD OF DIRECTORS' REPORT** (continued)**FINANCIAL RESULTS** (continued)

Individual investment holdings which exceeded 5% of the net assets attributable to the holders of redeemable shares as at 28 June 2018 and 29 June 2017 are disclosed below:

<i>Name</i>	<i>Industry</i>	<i>28/6/2018</i>	<i>29/6/2017</i>	<i>Market Value</i> <i>28/6/2018</i>	<i>Market Value</i> <i>29/6/2017</i>
			%	USD	USD
Belarus18 XS0583616239	Government Bond	-	17.03	-	6,073,564
Mongolia T-Bills	Government Bond	-	5.71	-	2,037,375
Ukraine19 XS1303918269	Government Bond	9.50	6.24	4,218,644	2,226,846
Bahrain20 XS0498952679	Government Bond	6.55	-	2,908,481	-
Four Finance19 XS1092320099	Banking	7.20	-	3,196,423	-

The following table discloses the financial results of the Fund for the last five (5) financial periods:

Period	Increase/(Decrease) in Net Assets attributable to holders of redeemable shares	Total Net Assets at the end of the period	NAV per share
	USD	USD	USD
30/6/17 – 28/6/18	242,730	44,386,634	26.18
01/7/16 – 29/6/17	1,714,815	35,663,954	25.90
26/6/15 – 30/6/16	1,922,959	31,235,962	24.63
27/6/14 – 25/6/15	1,858,550	32,041,799	23.16
28/6/13 – 26/6/14	2,032,270	36,247,786	21.88

STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs).

EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period date, which affect the financial statements as at 28 June 2018.

GFM COSSACK BOND COMPANY LIMITED**BOARD OF DIRECTORS' REPORT** (continued)**BOARD OF DIRECTORS**

The members of the Fund's Board of Directors as at 28 June 2018 and at the date of this report are presented on page 1.

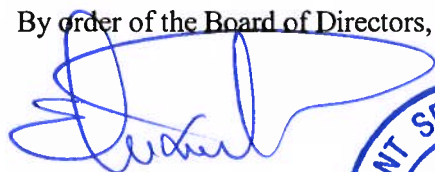
In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the members of the Board of Directors.

INDEPENDENT AUDITORS

The independent auditors of the Fund, KPMG Limited in Cyprus and Moore Stephens Cayman Ltd in the Cayman Islands, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Stravin Investment Services Limited
Secretary

Nicosia, 10 December 2018



Moore Stephens Cayman

10 Market Street, Suite 6
Camana Bay, PO Box 30900
Grand Cayman KY1-1204
Cayman Islands

T +1 345 936 9900
www.MooreStephens.ky

INDEPENDENT AUDITOR'S REPORT

To the shareholders of GFM Cossack Bond Company Limited

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of GFM Cossack Bond Company Limited (the "Fund"), which comprise the statement of financial position as at 28 June 2018, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 28 June 2018 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Fund 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and 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 identified above 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, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines 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, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT**To the shareholders of GFM Cossack Bond Company Limited (continued)****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 ISA 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.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Fund's shareholders as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

Moore Stephens Cayman

Moore Stephens Cayman

10 December 2018

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the period from 30 June 2017 to 28 June 2018

	Note	30/06/2017- 28/06/2018 US\$	01/07/2016- 29/06/2017 US\$
Interest income		2,781,253	2,193,330
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss		(1,486,159)	741,333
Other income		<u>5,128</u>	<u>4,635</u>
Total investment income		<u>1,300,222</u>	<u>2,939,298</u>
Operating expenses			
Custodian fees		53,729	48,918
Administration fees	11	35,000	35,000
Directors' fees	10	(10,067)	20,000
Other professional fees		-	19,769
Audit and legal fees		32,353	32,705
Nominee fees		10,000	10,000
Performance fees	10	109,111	258,419
Investment management fees	10	606,139	508,641
Listing fees		3,903	3,876
Brokerage fees		43,180	41,468
Agency fees		80,819	67,819
Bank charges		11,883	33,165
General expenses		22,906	5,087
Travel expenses		<u>6,862</u>	<u>8,687</u>
Total operating expenses		<u>1,005,818</u>	<u>1,093,554</u>
Operating profit before finance expenses		<u>294,404</u>	<u>1,845,744</u>
Net finance expenses		<u>(51,674)</u>	<u>(127,228)</u>
Increase in net assets attributable to holders of redeemable shares before tax		242,730	1,718,516
Tax	4	<u>-</u>	<u>(3,702)</u>
Increase in net assets attributable to holders of redeemable shares		<u>242,730</u>	<u>1,714,815</u>

The notes on pages 12 to 31 are an integral part of these financial statements.

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF FINANCIAL POSITIONAs at 28 June 2018

	Note	28/06/2018 US\$	29/06/2017 US\$
Assets			
Cash and cash equivalents	5	1,525,343	622,798
Financial assets at fair value through profit or loss	3,6,7	<u>43,104,262</u>	<u>35,326,958</u>
Total assets		<u>44,629,605</u>	<u>35,949,756</u>
Equity			
Share capital	9	<u>1</u>	<u>1</u>
Total equity		<u>1</u>	<u>1</u>
Liabilities			
Other payables and accruals	8	242,970	282,795
Financial liabilities at fair value through profit or loss	6	<u>-</u>	<u>3,006</u>
Total liabilities (excluding net assets attributable holders of redeemable shares)		<u>242,970</u>	<u>285,801</u>
Net assets attributable to holders of redeemable shares	9	<u>44,386,634</u>	<u>35,663,954</u>

On 10/12/2018 the Board of Directors of GFM Cossack Bond Company Limited authorised these financial statements for issue.



 Richard Oliver Bernays
 Director



 Gleb Shestakov
 Director

The notes on pages 12 to 31 are an integral part of these financial statements.

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS
OF REDEEMABLE SHARES

For the period from 30 June 2017 to 28 June 2018

	Note	30/06/2017- 28/06/2018 US\$	01/07/2016- 29/06/2017 US\$
Balance at 30 June/1 July	9	<u>35,663,955</u>	<u>31,235,963</u>
Increase in net assets attributable to holders of redeemable shares		<u>242,730</u>	<u>1,714,815</u>
Contributions and redemptions by holders of redeemable shares:			
Issue of redeemable shares during the period		12,900,000	3,519,000
Redemption of redeemable shares during the period		<u>(4,420,051)</u>	<u>(805,823)</u>
Total contributions and redemptions by holders of redeemable shares		<u>8,479,949</u>	<u>2,713,177</u>
Balance at 28 June/29 June	9	<u>44,386,634</u>	<u>35,663,955</u>
Represented by:			
Net assets attributable to holders of permanent shares		1	1
Net assets attributable to holders of redeemable shares		<u>44,386,633</u>	<u>35,663,954</u>
		<u>44,386,634</u>	<u>35,663,955</u>

The notes on pages 12 to 31 are an integral part of these financial statements.

GFM COSSACK BOND COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the period from 30 June 2017 to 28 June 2018

	Note	30/06/2017- 28/06/2018 US\$	01/07/2016- 29/06/2017 US\$
Cash flows from operating activities			
Increase in net assets attributable to holders of redeemable shares		<u>242,730</u>	<u>1,714,815</u>
Changes in other payables and accruals	8	(39,825)	(32,347)
Sales of financial assets at fair value through profit or loss		42,347,959	32,833,461
Purchases of financial assets at fair value through profit or loss		(51,614,427)	(43,962,106)
Net loss/(gain) on financial assets and liabilities		<u>1,486,159</u>	<u>(741,333)</u>
Changes in operating assets and liabilities		<u>(7,820,134)</u>	<u>(11,902,325)</u>
Net cash used in operating activities		<u>(7,577,404)</u>	<u>(10,187,510)</u>
Cash flows from financing activities			
Proceeds from issue of redeemable shares	9	12,900,000	3,519,000
Payments on redemption of redeemable shares	9	<u>(4,420,051)</u>	<u>(805,823)</u>
Net cash provided by financing activities		<u>8,479,949</u>	<u>2,713,177</u>
Net increase/(decrease) in cash and cash equivalents		902,545	(7,474,333)
Cash and cash equivalents at the beginning of the period		<u>622,798</u>	<u>8,097,131</u>
Cash and cash equivalents at the end of the period	5	<u><u>1,525,343</u></u>	<u><u>622,798</u></u>
Supplemental disclosures:			
Interest received		2,703,924	1,789,909

The notes on pages 12 to 31 are an integral part of these financial statements.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 30 June 2017 to 28 June 2018

1. INCORPORATION AND PRINCIPAL ACTIVITY

GFM Cossack Bond Company Limited (the “Fund”) was incorporated in the Cayman Islands on 15 May 1997 as an exempted limited liability company under the Companies Law of the Cayman Islands and registered as an open ended investment company under the Mutual Funds Law on 9 July 1997 and accordingly is registered as a regulated mutual fund under Sec. 4(3) of the Mutual Funds Law. The registered office of the Fund is located at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The Fund’s redeemable participating shares are listed on the Bermuda Stock Exchange for informational purposes but are not traded on this stock exchange.

The principal activity of the Fund is the investment in emerging markets debt securities. The Fund invests in debt instruments as determined by the Investment Manager from time to time.

The investment objective is to achieve capital appreciation in US dollar terms. The Fund will seek to achieve its investment objective by investing in both US dollar denominated and local currency denominated obligations of sovereign, regional and local governments and to a lesser extent, corporate borrowers in Emerging markets but principally in the Commonwealth of Independent States (CIS) countries. It may hedge local currency exposure.

The financial statements were authorised for issue by the Directors on 10 December 2018.

2. BASIS OF PREPARATION**Statement of compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Functional and presentation currency

The measurement and presentation currency of the Fund is the United States dollar (US\$) and not the local currency of the Cayman Islands, reflecting the fact that the shares of the Fund are issued and redeemed in United States dollars.

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in Note 7.

The majority of the Fund’s financial instruments are measured at fair value on the statement of financial position.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 30 June 2017 to 28 June 2018

2. BASIS OF PREPARATION (continued)**Use of judgments and estimates (continued)**

For certain of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example unlisted debt securities including private loans are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same (subject to appropriate adjustments), or by applying valuation techniques approved by the Investment Manager and the Directors.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision.

Basis of measurement

These financial statements are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss. All other financial assets and liabilities are measured at amortised cost which is considered to approximate fair value due to the short term nature of these assets and liabilities. The accounting policies have been consistently applied by the Fund and are consistent with those used in the previous period.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Fund are as follows:

Adoption of new and revised International Financial Reporting Standards and Interpretations

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Fund.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 30 June 2017, and have not been applied in preparing these financial statements. The only new standard relevant to the Fund is IFRS 9 Financial Instruments, which is discussed below. The Fund does not plan to adopt IFRS 9 early.

IFRS 9 Financial Instruments

IFRS 9 replaces the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 30 June 2017 to 28 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments***(i) Classification*

The Fund designates its investments into the financial assets and liabilities at fair value through profit or loss category. The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held for trading. These include CIS exchange traded debt instruments, corporate bonds, equity instruments and futures. 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 private unsecured loans.

Financial assets and liabilities that are not classified at fair value through profit and loss and which are measured at amortised cost include cash and cash equivalents, share capital and other payables and accruals. Net assets attributable to redeemable shares are carried at redeemable amounts.

The redeemable shares are classified as financial liabilities and are measured at the present value of the redemption amounts.

(ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(iii) Measurement

Financial instruments are initially measured at fair value (transaction price) plus, in case of a financial asset or financial liability, transaction costs that are directly attributable to the acquisition. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Fund has access at that date.

The fair value of financial instruments is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs. Financial assets are measured at last traded price, when within the closing bid-ask spread and mid price when the last traded price is not within the bid-ask spread.

If there are no quoted prices in an active market or the securities are not listed, the Investment Manager and Directors establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs.

(v) Valuation of investments

As at 28 June 2018 the Fund's investments include investments in debt instruments both traded and private unsecured loans and derivative instruments comprising futures contracts.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments (continued)*****(v) Valuation of investments (continued)*****Equity investments**

Securities traded on a recognised exchange are stated at last traded price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorised in Level 1 of the fair value hierarchy. The cost of investments is determined on a first in first out basis. Where equity investments are valued based on other observable information, they are classified as Level 2 of the fair value hierarchy.

Debt investments

Investments in debt securities are initially recognised at fair value, including transaction costs. Subsequent to initial recognition, debt investments, particularly traded bond positions, are recorded based on their last traded price on a recognised stock exchange. For debt securities which are not priced on a recognised stock exchange, the price is sourced from the respective broker/counterparty with whom the trade was executed. The fair value of certain corporate bonds, including private unsecured loans are estimated using recently executed transactions, market price quotations (where observable) and by reference to other instruments which are substantially the same. When quotations are unobservable, proprietary valuation models and default recovery analysis methods are employed.

Realised gains and losses resulting from the investment transactions and movements in unrealised gains or losses at the date of the statement of financial position are recognised in the statement of comprehensive income. To the extent debt securities are actively traded and valuation adjustments are not applied, they are categorised in Level 1 of the fair value hierarchy. Corporate bonds are classified within Level 2 of the fair value hierarchy. Private unsecured loans are classified within Level 3.

Futures contracts

Futures contracts are contracts for the delayed delivery of specific commodities, currencies indices, at a specific future date and at a predetermined price. Upon entering into a contract, the Fund deposits and maintains, at the clearing broker, cash as collateral for such initial margin as required by the exchange on which the transaction is effected.

Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund in the statement of comprehensive income within the net gain/(loss) on trading in the financial instruments line item. When the contract is closed, the Fund records in the statement of comprehensive income a realised gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Futures contracts are classified in Level 1 of the fair value hierarchy, assuming they are actively traded.

(vi) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of debt and equity instruments are recognised in the statement of comprehensive income.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 30 June 2017 to 28 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)***(vii) Derecognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(viii) Offsetting financial assets and liabilities

The Amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting agreements or similar arrangements.

Interest income and expenses

Interest income and expense is recognised in the statement of comprehensive income using the effective interest method and on an accrual basis.

Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

Finance expenses

Finance expenses comprise of bank charges and bank interest. Finance expenses are recognised as expenses in the statement of comprehensive income as they accrue.

Foreign currency transactions

Transactions in foreign currencies are translated to United States dollars (US\$) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to US\$ at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values are determined.

Cash and cash equivalents

Cash and cash equivalents represent balances with banks/brokers and margin accounts with various brokers, which fall due within three months or less. The Fund considers all cash and short-term deposits with maturities of three months or less to be cash and cash equivalents. Cash held in broker accounts are included in cash and cash equivalents for the purpose of the statement of cash flows.

Taxation

There are no taxes on income or gains in the Cayman Islands and the Fund has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all local income, profits and capital taxes until June 2037. The only taxes payable by the Fund are withholding taxes applicable to certain investment income, which are presented separately in the statement of comprehensive income.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 30 June 2017 to 28 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Share capital**

The Fund issued Permanent and Participating Shares. The Permanent Shares were issued solely to comply with Cayman Islands Law. The Participating Shares are redeemable and represent the only instrument with a residual interest in the net assets of the Fund. The participating shares provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets (see Net asset value per share below) as determined on each valuation day (Note 9).

Redeemable participating shares

The Fund classifies financial instruments issued as equity instruments in accordance with the substance of the contractual terms of the instruments.

The redeemable participating shares are the most subordinate class of financial instruments issued by the Fund and, on liquidation of the Fund they entitle the holders to the residual net assets, after payment of the nominal amount of equity shares. They rank pari passu in all material respects and have identical terms and conditions.

The redeemable participating shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each monthly redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the realised and unrealised net assets of the Fund over the life of the instrument.

Only the Fund's Permanent Shares meet these conditions and are classified as equity on the statement of financial position.

Net asset value per share

The net asset value per share is calculated in accordance with the Articles of Association by dividing the net assets included in the statement of financial position by the number of participating shares outstanding at period end.

Permanent shares are non-redeemable and do not have a residual interest in the net assets of the Fund and therefore do not affect the calculation of the Fund's net asset value per share.

Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Fund expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

GFM COSSACK BOND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 30 June 2017 to 28 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative figures

Wherever needed, the comparative figures have been restated according to the changes in the current period's presentation.

4. TAXATION

	30/06/2017- 28/06/2018	01/07/2016- 29/06/2017
	US\$	US\$
Corporation tax charge for the period	-	2,523
Withholding tax	-	1,179
	<u>-</u>	<u>3,702</u>

5. CASH AND CASH EQUIVALENTS

	28/06/2018	29/06/2017
	US\$	US\$
Cash at bank and margin accounts (1) with various brokers	1,005,316	622,798
Fiduciary call deposit	<u>520,027</u>	<u>-</u>
	<u>1,525,343</u>	<u>622,798</u>

(1) Margin accounts represent cash deposits/(overdrafts) with brokers transferred as collateral against open future contracts.

6. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss consist of the following:

Hard currency: Hard currency is expected to remain relatively stable through a short period of time, and to be highly liquid in the foreign exchange (FX) market. A hard currency generally comes from a nation with a strong economic and political situation.

Soft currency: A currency with a value that fluctuates as a result of the country's political or economic uncertainty.

	28/06/2018	29/06/2017
	US\$	US\$
Debt instruments:		
Hard currency denominated debt instruments	42,994,558	31,478,620
Soft currency denominated debt instruments	<u>108,635</u>	<u>3,848,338</u>
	<u>43,103,193</u>	<u>35,326,958</u>
Derivative instruments:		
Currency futures	<u>1,069</u>	<u>(3,006)</u>
	<u>43,104,262</u>	<u>35,323,952</u>

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****6. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS**
(continued)

	28/06/2018	29/06/2017
	US\$	US\$
Geographical spread of debt investments		
Turkey	7,610,785	831,074
Ukraine	6,675,595	3,971,485
Russia	4,257,662	5,822,889
Other	4,118,168	3,813,982
Bahrain	3,812,860	-
Latvia	3,299,625	3,271,775
Estonia	2,880,258	-
Nigeria	2,404,053	2,192,968
Ecuador	2,309,938	-
Belarus	1,829,659	6,483,180
Mexico	1,647,703	-
India	1,011,557	-
Kazakhstan	984,229	1,639,166
Azerbaijan	261,101	1,205,313
Iran	-	1,097,369
Egypt	-	419,460
Mongolia	-	<u>4,578,297</u>
	<u>43,103,193</u>	<u>35,326,958</u>

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Fund's investment activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most significant types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk. Market risk includes other price risk, interest rate risk and foreign currency risk.

The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Fund are discussed below:

(a) Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or equity prices will make an instrument less valuable. All trading instruments are recognised at fair value, and all changes in market conditions directly affect net income. The Fund is exposed to market risk on financial instruments that are valued at market prices. Market movements can be volatile and are difficult to predict. The markets for some securities have limited liquidity and depth and may include restrictions on convertibility of currencies. This could limit realisation of prices which are quoted and execution of orders at desired prices.

The Fund will seek to achieve its investment objective by investing in both US dollar denominated and local currency denominated obligations of sovereign, regional and local governments and to a lesser extent, corporate borrowers in the CIS countries.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)****(a) Market risk (continued)**

The Fund will ensure that a reasonable spread of investments will normally be made and any purchase will adhere to the general principle of risk diversification with regard to the use of derivatives. Furthermore, any investment by the Fund in the securities of a corporate issuer will be limited to not more than 20 per cent of the securities or particular class of securities of that issuer at the time the investment is made for which purpose any existing holding in the securities will be aggregated with the proposed new investment.

(i) Interest rate risk

The majority of the Fund's assets are interest bearing and as a result the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The effective interest rates which correspond to the debt securities are as follows:

	28/06/2018	29/06/2017
Yield to maturity	9.00%	7.32%
Duration (years)	1.76	1.91

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	Carrying Amount	
	28/06/2018	29/06/2017
	US\$	US\$
Fixed rate instruments		
Financial assets at fair value through profit or loss	<u>43,103,193</u>	<u>35,326,958</u>

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect in results and net assets of the Fund, because all financial instruments are at fixed rates.

GFM COSSACK BOND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 30 June 2017 to 28 June 2018

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Exposure to interest rate risk

The following are the contractual maturities of financial assets from the statement of financial position date:

	Note	Carrying amount US\$	Contractual cash flows US\$	Within 1 year US\$	1-5 years US\$	More than 5 years US\$
28/06/2018						
Debt instruments	6	43,103,193	43,103,193	9,102,859	33,725,284	275,050
29/06/2017						
Debt instruments	6	35,326,958	35,326,958	15,933,555	18,983,787	409,616

(ii) Foreign currency risk

The Fund may invest in financial instruments denominated in currencies other than its measurement currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional 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 United States dollar.

The Fund's total net exposure to fluctuations in foreign currency exchange rates at the statement of financial position date was as follows:

	28/06/2018 US\$	29/06/2017 US\$
Euro	99,370	41,780
Russian Rouble	-	210,046
Azerbaijan Manat	108,635	-
Iranian Rial	-	1,097,369
Mongolian Tugrik	-	2,540,922
	<u>208,005</u>	<u>3,890,117</u>

The Fund may seek to protect the value of some portion or all of its portfolio holdings against foreign currency risks by engaging in hedging transactions, if available, cost effective, and practicable. The Fund may enter into forward contracts on currencies as well as purchase put and call options on currencies. The currency futures are used to hedge the foreign currency exposure of the Fund.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)****(a) Market risk (continued)****(ii) Foreign currency risk (continued)***Sensitivity analysis*

The table below sets out the effect on the Fund's changes in net assets attributable to holders of redeemable shares of a reasonably possible weakening of the US dollar against the following currencies by 4% (2017: 4%). This analysis assumes that all other variables, in particular interest rates, remain constant.

	28/06/2018	29/06/2017
	Net assets	Net assets
	increase	increase
	US\$	US\$
Euro	3,975	1,671
Russian Rouble	-	8,402
Azerbaijan Manat	4,345	-
Iranian Rial	-	43,895
Mongolian Tugrik	-	101,637

A strengthening of the US dollar against the above currencies would have resulted in an equal but opposite effect to the amounts shown above.

(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. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house.

Financial instruments which potentially expose the Fund to credit risk consist primarily of debt investments including unsecured private loans. The amount of credit exposure is represented by the carrying amount of these assets on the statement of financial position. Investment in debt instruments expose the Fund to the risk that the issuers of those debt instruments and borrowers of private loans, who also act as counterparties of the Fund, will not be in a position to make timely payments of principal and interest as and when they fall due. The Fund seeks to minimise its credit risk through continuous monitoring of the credit rating of the different issuers and borrowers. The Fund will seek to minimise downside risk and protect principal by maintaining a diversified portfolio with respect to industry and the size of individual holdings, performing intensive credit research and actively monitoring the risk of each investment and the risk of portfolio correlation among assets. Managing portfolio risk is a key part of the Fund's investment process. The Fund endeavours to adhere to monitoring and risk management procedures. Throughout the life of each investment, the Fund will monitor and track the issuer's and borrower's performance, trading levels and activity on an ongoing basis.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)****(b) Credit risk (continued)**

The Fund may invest in lower quality and non-rated debt instruments and as such at any time, substantially all of the investments held in the Fund's portfolio may consist of instruments that are rated below investment grade or not rated at all. Non-investment grade securities (that are those rated Bal or lower by Moody's or BB+ or lower by S&P) are regarded as predominantly speculative with respect to the issuers' capacity to pay interest and repay principal in accordance with the terms of the obligations and involve significant risk exposure to adverse conditions. To the extent that any issuers or borrowers default upon their obligations, the rate of return on investment realised by the Fund will be adversely affected.

Such investments could present greater risk of loss than investments in higher quality debt investments.

Cash balances are held with Falcon Private Bank, Baseland Holdings Limited and Signet Bank AS. Credit risk is considered to be high as the financial institutions are not rated. The Fund monitors the financial position of each counterparty to further mitigate this risk.

As at the statement of financial position date, the Fund's debt securities exposures were concentrated in the following industries:

	28/06/2018	29/06/2017
	%	%
Banks/financial services	38.00	24.97
Telecommunications	9.20	4.47
Transportation	1.84	0.91
Governmental	28.34	49.18
Other	<u>22.62</u>	<u>20.47</u>
	<u>100.00</u>	<u>100.00</u>

Individual investment holdings which exceeded 5% of the net assets attributable to the holders of redeemable shares as at 28 June 2018 and 29 June 2017 are disclosed below:

<i>Name</i>	<i>Industry</i>	28/06/2018	29/06/2017
		%	%
Belarus 18	Government Bond	-	17.03
Ukraine 19	Government Bond	9.50	6.24
Mongolia 18	Government Bond	-	5.71
FourFin 19	Banking	7.20	-
Bahrain 20	Government Bond	6.55	-

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)****(b) Credit risk (continued)****(i) Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities when offset in the statement of financial position are included within other payables. The disclosure set out in the table below includes financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, including borrowing agreements.

The borrowing arrangements outlined below meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable either on an ongoing basis or following an event of default, insolvency or bankruptcy of the Fund or the counterparties. In addition, the Fund and its counterparties intend to realise the assets and settle the liabilities simultaneously.

No financial assets and financial liabilities were offset in the statement of financial position during the periods ended 28 June 2018 and 29 June 2017.

(c) Liquidity risk

The Fund's constitution provides for the monthly creation and cancellation of redeemable participating shares and is exposed to the liquidity risk of meeting shareholders' redemptions.

Furthermore, certain debt instruments and private loans in which the Fund invests might be traded in small volumes or might not be listed on an exchange, in which case the Fund might be exposed to liquidity risk in the event of default of these debt instruments.

Although the Fund's Investment Manager will seek to select investments that offer the opportunity to have their investments redeemed within a reasonable timeframe, there can be no assurance that the liquidity of the investments will always be sufficient to meet redemption requests as, and when, made. Any lack of liquidity may affect the liquidity of the Fund and its ability to meet its redemption requests.

Directors can suspend or defer redemption payments in certain circumstances until the Fund's portfolio is sufficiently liquid to undertake share redemptions.

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Fund has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by attempting to match timing of debt instrument coupon payments and maturities in any given period.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)****(c) Liquidity risk (continued)**

Liabilities	Carrying amount US\$	Contractual cash flows US\$	Within 3 months US\$	4-6 months US\$	7-12 months US\$
28/06/2018					
Net assets attributable to holders of redeemable shares	44,386,634	44,386,634	44,386,634	-	-
Other payables and accruals	242,970	242,970	242,970	-	-
	44,629,604	44,629,604	44,629,604	-	-

Liabilities	Carrying amount US\$	Contractual cash flows US\$	Within 3 months US\$	4-6 months US\$	7-12 months US\$
29/06/2017					
Net assets attributable to holders of redeemable shares	35,663,954	35,663,954	35,663,954	-	-
Other payables and accruals	282,795	282,795	282,795	-	-
Financial liabilities at fair value through profit or loss	3,006	3,006	3,006	-	-
	35,949,755	35,949,755	35,949,755	-	-

(d) Futures contracts

Futures contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a predetermined price and may be settled in cash or another financial asset. Futures are standardised exchange traded contracts. Initial margin requirements for futures are met in cash or other instruments, and changes in the future contract values are settled daily. Futures contracts have little credit risk because the counterparty is CME (Chicago Mercantile Exchange).

Futures contracts result in exposure to market risk based on changes in market prices to contracted amounts. Market risk arises due to the possible movement in foreign currency exchange rates, indices and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a futures account. As a result, a relatively small price movement in an underlying of futures contract may result in substantial losses to the Fund. All futures contracts are used to hedge currency risk. As a result any loss in futures contract is offset against a gain in underlying currency.

GFM COSSACK BOND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 30 June 2017 to 28 June 2018

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

(d) Futures contracts (continued)

The following futures currency contracts were unsettled at the reporting date:

Number of contracts	Notional amount	Description	Expiration date	Position	Counter-party	US\$
28/06/2018						
19	2,375,000	125,000EUR	17/12/2018	Short	CME	<u>1,069</u>
						<u>1,069</u>
29/06/2017						
13	1,625,000	125,000EUR	19/09/2017	Short	CME	<u>(3,006)</u>
						<u>(3,006)</u>

(e) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. 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 and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

28 June 2018		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	Note	US\$	US\$	US\$	US\$
Derivative instruments	6	1,069	-	-	1,069
Debt instruments	6	-	40,222,935	2,880,258	43,103,193
Total		<u>1,069</u>	<u>40,222,935</u>	<u>2,880,258</u>	<u>43,104,262</u>

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)****(e) Fair value hierarchy (continued)**

29 June 2017		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	Note	US\$	US\$	US\$	US\$
Derivative instruments	6	(3,006)	-	-	(3,006)
Debt instruments	6	-	35,326,958	-	35,326,958
Total		(3,006)	35,326,958	-	32,323,952

There have been no transfers between levels during the period.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine fair values of positions that the Fund has classified within the Level 3 category. As a result, the unrealised gain and loss for assets and liabilities within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs. Changes in Level 3 assets measured at fair value for the periods ended 28 June 2018 and 29 June 2017 were as follows:

	Unlisted debt instruments	Total
Balance at 1 July 2016	3,703,942	3,703,942
Total gains or losses recognised in profit or loss	34,214	34,214
Purchases	1,770,000	1,770,000
Sales/settlements	<u>(5,508,156)</u>	<u>(5,508,156)</u>
Balance at 29 June 2017	<u>-</u>	<u>-</u>
Balance at 30 June 2017	-	-
Total gains or losses recognised in profit or loss	(65,243)	(65,243)
Purchases	2,945,501	2,945,501
Sales/settlements	<u>-</u>	<u>-</u>
Balance at 28 June 2018	<u>2,880,258</u>	<u>2,880,258</u>

8. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consist of the following:	28/06/2018	29/06/2017
	US\$	US\$
Secretarial fees	23,497	17,666
Audit and accounting fees	20,413	20,188
Management fees	176,227	132,492
Nominee fees	7,500	7,500
Directors' fees	15,333	25,400
Performance fees	<u>-</u>	<u>79,549</u>
	<u>242,970</u>	<u>282,795</u>

GFM COSSACK BOND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 30 June 2017 to 28 June 2018

9. SHARE CAPITAL

Authorised

US\$1 divided into 100 Permanent shares of US\$0.01 each

US\$500,000 divided into 50,000,000 Participating shares of US\$0.01 each

	28/06/2018	29/06/2017
	US\$	US\$
<u>Issued share capital</u>		
<i>Nominal value</i>		
100 Permanent Shares of US\$0.01 each	1	1
1,695,596 (2017: 1,376,863) Participating Shares of US\$0.01 each	<u>16,956</u>	<u>13,769</u>
	<u>16,957</u>	<u>13,770</u>
	28/06/2018	29/06/2017
<u>Issued share capital</u>		
<i>Number of shares</i>		
Balance at the beginning of the period	1,376,863	1,268,422
Issue of redeemable shares during the period	486,239	140,592
Redemption of shares during the period	<u>(167,506)</u>	<u>(32,151)</u>
Balance at the end of the period	<u>1,695,596</u>	<u>1,376,863</u>
<i>In United States dollars</i>		
	28/06/2018	29/06/2017
	US\$	US\$
Balance at 30 June/01 July	35,663,955	31,235,963
Increase in net assets attributable to holders of redeemable shares	242,730	1,714,815
Issue of redeemable shares during the period	12,900,000	3,519,000
Redemption of redeemable shares during the period	<u>(4,420,050)</u>	<u>(805,823)</u>
Total contributions and redemptions by holders of redeemable shares	<u>8,479,950</u>	<u>2,713,177</u>
Balance at 28 June/29 June	<u>44,386,635</u>	<u>35,663,955</u>
Net asset value per share	<u>26.18</u>	<u>25.90</u>

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****9. SHARE CAPITAL (continued)**

The rights attached to the Participating shares are as follows:

- Voting rights: One vote for every share registered.
- Dividends: The shares carry rights to dividends.
- Winding up: Right to a return of the nominal amount in priority to the nominal amount paid up in respect of Permanent Shares.
- Redemption: The shares may be redeemed at the discretion of the investor at every NAV date with 20 calendar days advance notice. The Fund has monthly redemption terms.
- Transfers: The shares may be transferred.
- Subscriptions: Shares are subscribed at the prevailing Net Asset Value at the time of subscription.

There are no externally imposed capital requirements.

10. RELATED PARTY TRANSACTIONS

Related party transactions and balances not disclosed elsewhere in the financial statements are described below.

(i) Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	30/06/2017- 28/06/2018	01/07/2016- 29/06/2017
	US\$	US\$
Directors' fees	<u>(10,067)</u>	<u>20,000</u>

Directors' fees of US\$10,067 comprised of a waiver income amount of US\$30,067 which was relating to 2016 directors' fees accrued and an amount of US\$20,000 relating to 2017 directors' fees expense.

(ii) Transactions with key management personnel

The Directors hold redeemable shares in the Fund as at the end of the financial period as follows:

Mr. Roberts Idelsons holds 3,784 redeemable shares (29/06/2017: 5,411 redeemable shares), Mr. Richard Oliver Bernays indirectly holds 9,092 redeemable shares (29/06/2017: 8,842 redeemable shares) and Mr. Gleb Shestakov indirectly holds 554,330 redeemable shares (29/06/2017: 458,914 redeemable shares).

(iii) Brokerage services

Baseland Holdings Limited, a company incorporated in Cyprus, acts as a broker for the Company. The ultimate beneficial owner of Baseland Holdings Limited is Mr. Gleb Shestakov who is a member of the Company's Board of Directors. Broker fees of US\$1,707 (2017: US\$8,039) were paid to Baseland Holdings Limited on an arm's length basis.

On 28 June 2018, Baseland Holdings Limited as custodian to the Fund, held securities amounting to US\$205,744 (2017: US\$3,638,292) on behalf of the Fund.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period from 30 June 2017 to 28 June 2018****10. RELATED PARTY TRANSACTIONS (continued)**

At 29 June 2018 and 29 June 2017 no redeemable shares were held by Baseland Holdings Limited.

(iv) Investment Manager

The Investment Manager, Global Fund Management S.A. has been appointed by the Fund to manage the investments of the Fund in accordance with the Investment Management Agreement.

The Investment Manager will be paid a management fee equivalent to 1.5 per cent per annum of the average Net Asset Value determined on each Valuation Day. This fee is payable quarterly in arrears. The investment management fees incurred during the period amounted to US\$606,139 (2017: US\$508,641). Performance fees incurred during the period amounted to US\$109,111 (2017: US\$258,419).

The Investment Manager is entitled to receive a performance fee calculated and accrued monthly and payable quarterly re-adjusted after the end of each financial year of the Fund, provided that there has been an appreciation in the Net Asset Value per share in excess of the "Benchmark Net Asset Value per share". The Benchmark Net Asset Value per Share in each financial year shall be calculated in the following way:

$$Z = X + X.Y/100. (Te - Tb)/365$$

Z = Benchmark Net Asset Value per Share.

X = Net Asset Value per share as at the last Dealing Day in the immediately preceding financial year after deduction of the performance fee (if any) attributable to such year.

Y = One Year LIBOR at the last Dealing Day in the immediately preceding financial year.

Te = Date of the last Dealing Day in the relevant financial year.

Tb = Date of the last Dealing Day in the immediately preceding financial year.

The Performance Fee will be paid at the rate of 20 per cent of any excess of the Net Asset Value per Share expressed in US dollars over the Benchmark Net Asset Value per Share (as defined above) as at the last Dealing Day in the relevant financial year over that as at the last Dealing Day in the immediately preceding financial year in each case multiplied by the average number of Shares in issue during the period by reference to which the fee is payable (such average calculated by dividing the sum of the number of Shares in issue on each Dealing Day within such period including Shares to be redeemed but excluding Shares to be subscribed as of each such Dealing Day by the number of such Dealing Days).

For the purposes of calculating the Performance Fee, the Net Asset Value per Share is calculated after deducting the management fee referred to above but without accounting for the Performance Fee then payable.

At 28 June 2018, 100 permanent shares (2017: 100 permanent shares) and 173,393 redeemable shares (2017: 295,093 redeemable shares) were held by the Investment Manager.

GFM COSSACK BOND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 30 June 2017 to 28 June 2018

11. OTHER KEY CONTRACTS**Administrator**

The Fund appointed Cyprofund Administration Services Limited, a fiduciary services company incorporated in Cyprus, to provide share issue, redemption and transfer services and certain other administration services to the Fund, including calculating the Net Asset Value per Share. The Administrator is entitled to an annual fee of US\$35,000 being payable in equal half annual installments. In addition, the Administrator is entitled to reimbursement of all out-of-pocket expenses incurred by it in the performance of its duties under the Administration Agreement.

12. CONTINGENT LIABILITIES

The Fund had no contingent liabilities as at 28 June 2018 and 29 June 2017.

13. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period date, which affect the financial statements as at 28 June 2018.