

MONTAKA GLOBAL ACCESS FUND

ARSN 607 245 643

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors' Report

The directors of Fundhost Limited, the Responsible Entity of Montaka Global Access Fund (the "Fund"), present their report together with the financial report of the Fund for the year ended 31 December 2019 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity is:
Suite 5.01, Level 5
28 O'Connell Street
Sydney NSW 2000

Directors

The names of the directors of the Responsible Entity in office at any time during or since the end of the year are:

Valerie Anne Monge
Paul Ernest Dortkamp
Robert H Nagel
Drew Wilson

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review and results of operations

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

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income of these financial statements.

	Year ended 31 December	
	2019	2018
	\$'000	\$'000
Net operating profit / (loss)	7,468	(3,155)
<i>Distributions</i>	1,962	4,762
Distributions payable	-	-

Significant changes in state of affairs

On 30 June 2018, the Fund elected into the new Attribution Managed Investment Trust (AMIT) tax regime, removing the Responsible Entity's contractual obligation to distribute trust income to unitholders. Consequently, effective from 30 June 2018, the Fund's units have been reclassified from a financial liability to equity. Refer to note 1 for further details. As of 31 December 2019, the Fund has continued to meet the conditions to remain in the AMIT tax regime and consequently the units in the Fund have remained classified as equity. There have been no other significant changes in the Fund's state of affairs during the financial year ended 31 December 2019.

Principal activities

The principal activity of the Fund during the financial year was the investment and management of securities in accordance with its investment objectives and guidelines as set out in the Product Disclosure Statement (PDS) and in accordance with the provisions of the Constitution. The Fund only invests in Montaka Global Fund.

The Fund did not have any employees during the financial year (2018: nil).

No significant change in the nature of these activities occurred during the financial year (2018: nil).

Events subsequent to the balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future years.

Likely developments

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

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

Likely developments in the operations of the Fund and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Fund.

Directors' Report (cont'd)

Interests in the Fund

The movement in units on issue in the Fund during the year and the number of units in the Fund as at the end of the financial year are disclosed in note 3 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in note 1 of the financial statements.

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

Fees paid to the Responsible Entity out of Fund property during the year are disclosed in note 9(a) of the financial statements.

The number of interests in the Fund held by the Responsible Entity as at the end of the year are disclosed in note 9(c) of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2018: nil).

Environmental regulation

The Fund's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options granted to the Responsible Entity.

Indemnities and insurance premiums for officers or auditors

No indemnities have been given or insurance premiums paid by the Fund, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Fund.

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditors, Ernst & Young, as part of terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Proceedings on behalf of the Fund

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings.

The Fund was not a party to any such proceedings during the financial year.

Rounding

The Fund is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument class order 2016/191 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors:



Drew Wilson
Director

Dated this 18th day of March 2020



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Auditor's Independence Declaration to the Directors of Fundhost Limited

As lead auditor for the audit of the financial report of Montaka Global Access Fund for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Mark Jones'.

Mark Jones
Sydney
18 March 2020

Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Investment income			
Dividend and distribution income		1,330	4,481
Interest income		2	2
Change in fair value of financial assets held at fair value through profit or loss		6,110	(2,867)
Management fee rebates		26	-
Total investment income		<u>7,468</u>	<u>1,616</u>
Expenses			
Management fees	2	-	9
Total expenses		<u>-</u>	<u>9</u>
Net operating profit		<u>7,468</u>	<u>1,607</u>
Finance costs attributable to unitholders			
Distributions to unitholders	4	-	(4,762)
Net operating profit / (loss) after finance costs		<u>7,468</u>	<u>(3,155)</u>
Other comprehensive income		-	-
Changes in net assets attributable to unitholders		<u>-</u>	<u>1,948</u>
Total comprehensive income / (loss) for the period		<u>7,468</u>	<u>(5,103)</u>

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

Montaka Global Access Fund - ARSN 607 245 643

Statement of Financial Position
As at 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	8(a)	236	649
Receivables	5	10	-
Financial assets held at fair value through profit or loss	7	65,363	70,770
Total assets		<u>65,609</u>	<u>71,419</u>
Liabilities			
Payables	6	235	519
Total liabilities		<u>235</u>	<u>519</u>
Net assets		<u>65,374</u>	<u>70,900</u>
Total equity		<u>65,374</u>	<u>70,900</u>

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

Statement of Changes in Equity
For the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Opening balance at 1 January - Liability		-	69,210
Applications		-	5,494
Redemptions		-	(6,492)
Change in net assets attributable to unitholders		-	1,948
Reclassification due to AMIT tax regime implementation		-	(70,160)
Closing balance at 30 June - Liability	3	<u>-</u>	<u>-</u>
Opening balance at 1 July - Equity		70,900	-
Reclassification due to AMIT tax regime implementation		-	70,160
Comprehensive income for the year / period			
Net operating profit / (loss)		7,468	(5,103)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year / period		<u>7,468</u>	<u>(5,103)</u>
Transactions with unitholders			
Applications		3,089	5,756
Redemptions		(15,455)	(3,370)
Distributions reinvested		1,334	3,457
Distributions to unitholders		(1,962)	-
		<u>(12,994)</u>	<u>5,843</u>
Closing balance at 31 December - Equity	3	<u>65,374</u>	<u>70,900</u>

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

Statement of Cash Flows
For the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Dividends and distributions received		1,330	4,481
Interest received		2	2
Net cash provided by operating activities	8(b)	1,332	4,483
Cash flows from investing activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		15,410	10,002
Payment for financial instruments held at fair value through profit or loss		(3,894)	(14,997)
Net cash provided by / (used in) investing activities		11,516	(4,995)
Cash flows from financing activities			
Proceeds from issue of units		2,822	11,753
Payments for redemption of units		(15,456)	(9,862)
Distributions paid		(627)	(1,306)
Net cash (used in) / provided by financing activities		(13,261)	585
Net (decrease) / increase in cash held		(413)	73
Cash and cash equivalents at the beginning of the year		649	576
Cash and cash equivalents at the end of the year	8(a)	236	649

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

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 1. Statement of Significant Accounting Policies

This financial report covers Montaka Global Access Fund ("the Fund") as an individual entity.

The Fund is a registered investment scheme under the Corporations Act 2001. The financial report of the Fund is for the year ended 31 December 2019. The Fund was constituted as a registered scheme on 29 July 2015 with Australian Securities & Investments Commission ("ASIC") and commenced operation on 6 October 2015.

The Fund invests substantially all of its assets in the Montaka Global Fund (the "Trust"), an unregistered wholesale Australian resident unit trust. The Trust invests substantially all of its assets in the Montaka Global Offshore Fund, which in turn invests in the Montaka Global Master Fund (the "Master Fund"). The Master Fund is a Cayman Islands domiciled investment company that invests in global securities.

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Management Investment Trusts) Act 2016. With its introduction, the Responsible Entity has amended the Fund's Constitution to allow the Fund to operate as an AMIT. On 19 October 2016, the Responsible Entity sent notice to unitholders on the Fund's intention to elect into the AMIT regime on the 30 June 2018 (and for subsequent years). On 30 June 2019, the Fund met the other conditions to adopt the AMIT tax regime and consequently the units in the Fund have been re-classified from a financial liability to equity. As of 31 December 2019, the Fund has continued to meet the conditions to remain in the AMIT tax regime and consequently the units in the Fund have remained classified as equity.

The financial statements were approved by the Board of Directors of the Responsible Entity on 18 March 2020.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Australian Accounting Interpretations, and the Corporations Act 2001.

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

On the face of the Statement of Financial Position all assets and liabilities are presented in decreasing order of liquidity and not distinguished between current and non-current.

The Fund is a for-profit entity for the purpose of preparing financial statements.

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

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Reporting basis and conventions

The financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The financial report is presented in Australian Dollars and all amounts are rounded to the nearest thousand dollars except where otherwise stated.

(iii) Use of estimates and judgements

In the application of accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

a. Financial Instruments

(i) Classification

In accordance with AASB 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets discussed below. The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 1. Statement of Significant Accounting Policies (cont'd)

a. Financial Instruments (cont'd)

(i) Classification (cont'd)

They comprise:

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

Equity securities are not held in order to collect contractual cash flows nor give rise on specified dates to cash flows that are solely payments of principal and interest. Consequently, these investments are measured at fair value through profit and loss.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

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

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

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets 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 priced at last sale prices, while financial liabilities are priced at current asking prices. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

Fair value in an inactive or unquoted market

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

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

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

- *Loans and receivables*

Loan and receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any.

b. Impairment of assets

AASB 9 requires the Fund to record an allowance for expected credit losses (ECLs) for all loans and other debt financial assets not held at fair value through profit and loss.

The Fund holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses under AASB 9 to all its financial assets held at amortised cost and receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 1. Statement of Significant Accounting Policies (cont'd)

c. Investment income and expenses

Unrealised gains and losses on revaluation of investments to fair value, are recognised in the Statement of Comprehensive Income.

Realised gains and losses on sale are recognised as investment income in the Statement of Comprehensive Income. Gross proceeds from sale of investments are disclosed in the Statement of Cash Flows.

Dividend income is recognised on a receivable basis on the date the shares are quoted ex-dividend. Distributions from property trusts and unit trusts are recognised as income in the Statement of Comprehensive Income when declared.

Interest income and expenses are recognised in the Statement of Comprehensive Income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through the profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 1(a).

All expenses including management fees are recognised on an accrual basis in the Statement of Comprehensive Income.

d. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the exchange rate at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the reporting date. The foreign exchange gains and losses resulting from these translations are recognised in the Statement of Comprehensive Income.

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

e. Management fees

In accordance with the Constitution, the Fund's managers are entitled to a management fee of 1.91% per annum of the value of the Fund payable on a monthly basis.

The Fund is entitled to a management fee rebate if the fees exceed 1.85% per annum of the value of the Fund.

f. Performance fees

The Fund's performance fee is nil, however the Master Fund may pay a performance fee equal to 20% of the amount by the net asset value of shares in the Master Fund at the end of the calculation period (being 31 December, and annually thereafter) that exceeds the Hurdle Accumulation. The method of calculating the performance fee is summarised in the current PDS.

g. Income tax

Under current legislation, the Fund is not subject to income tax since the Fund elected into the AMIT tax regime and unitholders will be attributed the income of the Fund. The benefit of imputation credits and foreign tax paid are passed on to unitholders.

h. Distributions

Net assets attributable to unitholders were reclassified from liabilities to equity on 30 June 2018. Up until this date, in accordance with the Fund's Constitution, the Fund fully distributed its distributable income to unitholders. Such distributions were determined by reference to the taxable income of the Fund. Distributions were recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from equity.

Distributions to unitholders comprise the net income of the Fund. The distributions are payable or attributable at the end of June each year.

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 1. Statement of Significant Accounting Policies (cont'd)

i. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% (55% on Responsible Entity fees) hence investment management fees, administration fees, custodial fees and other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

j. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, at call deposits with banks or financial institutions and investments in money market instruments with original maturities of less than three months and net of bank overdrafts.

k. Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

l. Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services. The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

m. Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

n. Equity

Net assets attributable to unitholders comprise units on issue and undistributed reserves. Prior to 30 June 2018, net assets attributable to unitholders were classified as liabilities and not as equity because the Responsible Entity had a contractual obligation to pay distributable income of the Fund to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Fund's Constitution). In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and other conditions required to adopt the AMIT tax regime have also been met effective from 30 June 2018. Adopting the AMIT tax regime removes the Responsible Entity's contractual obligation to distribute trust income to unitholders. As the Responsible Entity no longer has any contractual obligations to pay distributions, and the units on issue comprise one class of units with identical features which are equally subordinate to any other financial instruments on issue, the Fund's net assets attributable to unitholders have been reclassified to equity in accordance with AASB 132 Financial Instruments: Presentation.

Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of units requested to be redeemed is measured at the redemption amount that would be payable (based on the redemption unit price) at the balance date. Units are redeemable at the unitholders' option (subject to the provisions of the PDS).

Quantitative information about the Fund's capital is provided in the statement of changes in equity. The units are entitled to dividends when declared and to payment of a proportionate share of the Fund's net asset value on the redemption date or upon winding up of the Fund. A reconciliation of the number of units outstanding at the beginning and the end of each reporting period is provided in note 3.

o. Exit price

The unit exit price is calculated in accordance with the Constitution of the Fund and is determined by the value of the assets of the Fund less its liabilities adjusted for estimated transaction costs, divided by the number of units on issue.

p. Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. No exit fees are charged. Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue at or immediately prior to close of business each month.

q. Changes in Australian Accounting Standards

The Fund has adopted all mandatory standards and amendments for the half year beginning 1 July 2019. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Fund.

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 2. Expenses

The amounts paid or due and payable to the Fund's managers in accordance with the Constitution were:

	2019	2018
	\$'000	\$'000
Management fees	-	9
	<u>-</u>	<u>9</u>

Note 3. Equity

On 30 June 2018, the Fund met the conditions to adopt the AMIT tax regime and consequently the units in the Fund have been re-classified from a financial liability to equity on 30 June 2018 as disclosed in note 1. As of 31 December 2018, the Fund continued to meet the conditions to remain in the AMIT tax regime and consequently the units in the Fund remained classified as equity.

	2019	2018	2019	2018
	Units '000	Units '000	\$'000	\$'000
Opening balance at 1 January	69,505	64,650	70,900	69,210
Units issued during the year	2,853	10,818	3,089	11,250
Units redeemed during the year	(14,139)	(9,127)	(15,455)	(9,862)
Distributions reinvested	1,220	3,164	1,334	3,457
Change in net assets attributable to unitholders	-	-	-	1,948
Net operating income / (loss)	-	-	7,468	(5,103)
Distributions to unitholders	-	-	(1,962)	-
Closing balance at 31 December	<u>59,439</u>	<u>69,505</u>	<u>65,374</u>	<u>70,900</u>

Note 4. Distributions to unitholders

	2019	2018
	\$'000	\$'000
Distributions paid	1,962	4,762
	CPU	CPU
Distribution cents per unit	2.9395	7.4407

Note 5. Receivables

	2019	2018
	\$'000	\$'000
Recoverable expenses receivable	10	-
	<u>10</u>	<u>-</u>

Note 6. Payables

	2019	2018
	\$'000	\$'000
Recoverable expenses payable	-	17
Applications in advance	235	502
	<u>235</u>	<u>519</u>

Note 7. Financial assets held at fair value through profit or loss

	2019	2018
	\$'000	\$'000
Units in an unlisted trust Montaka Global Fund	65,363	70,770
	<u>65,363</u>	<u>70,770</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 11.

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 8. Cash flow information

	2019 \$'000	2018 \$'000
a. Reconciliation of cash and cash equivalents		
Cash balance comprises:		
Cash at bank	236	649
Total cash and cash equivalents	<u>236</u>	<u>649</u>
b. Reconciliation of net operating income to cash flows from operating activities		
Net operating profit before finance costs	7,468	1,607
Change in fair value of financial instruments	(6,110)	2,867
Changes in assets and liabilities:		
Increase in receivables	(26)	-
(Decrease) / Increase in payables	-	9
Net cash provided by operating activities	<u>1,332</u>	<u>4,483</u>

Non-cash items relating to reinvestment of distributions paid are included in note 3. There were no other non-cash items.

Note 9. Related Party Disclosures

a. Fundhost Limited - fees

Fundhost Limited (ACN 092 517 087) as Responsible Entity of Montaka Global Access Fund provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Responsible Entity have taken place on normal commercial terms and conditions.

During the year, there were no fees paid or payable to the Responsible Entity as these fees are borne by the Investment Manager.

b. MGIM Pty Ltd - fees

MGIM Pty Ltd (ABN 62 604 878 533), previously Montgomery Global Investment Management Pty Ltd, as Investment Manager of Montaka Global Access Fund, provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Investment Manager have taken place on normal commercial terms and conditions.

During the year the following amounts were reimbursed from the Investment Manager:

	2019 \$	2018 \$
Management fee rebates	<u>(25,878)</u>	<u>-</u>

The amounts due and payable at 31 December to the Investment Manager in accordance with the Constitution were:

	2019 \$	2018 \$
Management fees	<u>-</u>	<u>9,054</u>

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 9. Related Party Disclosures (cont'd)

c. Fundhost Limited - Key Management Personnel

Fundhost Limited as Responsible Entity and MGIM Pty Ltd as Investment Manager are considered key management personnel. The Fund does not employ personnel in its own right.

The Directors of Fundhost Limited, the Responsible Entity, during the year were:

Valerie Anne Monge
Paul Ernest Dortkamp
Robert H Nagel
Drew Wilson

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the year (2018: nil).

There were no units held in the Montaka Global Access Fund by the Responsible Entity and by Directors and their respective related parties (2018: nil).

Key management personnel are paid by Fundhost Limited. Payments made from the Fund to Fundhost Limited do not include any amounts attributable to the compensation of key management personnel.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year (2018: nil).

There are no post-employment benefits paid to a director or key management personnel of the Responsible Entity (2018: nil).

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

d. MGIM Pty Ltd - Key Management Personnel

The Directors of MGIM Pty Ltd during the year were:

David Buckland
Paul John Mason
Andrew Peter Macken

There were no units held in Montaka Global Access Fund by the Investment Manager and by its Directors and their respective related parties.

e. Related party holdings of the Fund

Details of the Fund's holdings in related parties are set out below:

	Fair Value	Interest held	Distributions received or receivable during the financial year
	\$'000	(%)	\$'000
31/12/2019			
Montaka Global Fund (General Class)	65,363	74.47%	1,330
31/12/2018			
Montaka Global Fund (General Class)	70,770	77.30%	4,481

Note 10. Auditor's remuneration

	2019	2018
Amounts received or due and receivable by EY for:	\$	\$
Audit of the financial reports of the Fund	6,400	6,200
Review of the financial report of the Fund	4,000	3,900
Compliance plan audit	3,700	3,600
Tax services	3,950	-
	<u>18,050</u>	<u>13,700</u>

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 11. Financial risk management

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment management team at MGIM Pty Ltd.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of price risks, interest rate and foreign exchange risks, and ratings analysis for credit risks.

Compliance with the Fund's PDS is reported to the Fundhost Limited Board on a monthly basis.

a. Market risk

(i) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Investments are classified on the Statement of Financial Position as financial assets held at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund invests in the Montaka Global Fund, an Australian unit trust offered to wholesale investors only. The Fund and the Montaka Global Fund are part of the Montaka Fund.

The Montaka Fund invests in a portfolio of quality global equities listed on major global exchanges (the Long Portfolio) purchased at a discount to our estimate of its intrinsic value. It also seeks to profit through borrowing and selling short (the Short Portfolio) the securities of companies it believes are in, for example, structural decline, subject to the adverse impacts of disruption or fraud. Typically, the Montaka Fund seeks to hold 15 to 30 long positions and partially offsets these with 25 to 40 short positions.

The Montaka Fund seeks to generate materially higher risk-adjusted returns, net of fees, than is available in the market place over the medium-term. The Montaka Fund will also seek to offer a significant level of capital preservation, across all market cycles. Returns are not guaranteed.

The table below summarises the impact of an increase/decrease in the market value of the share portfolio on the Fund's equity at 31 December and profit from operating activities. The analysis is based on the assumptions that the security prices increased/decreased by 10% with all other variables held constant and that the fair value of the Fund's portfolio moved according to this.

	Impact on operating profit		Equity	
	Higher/(Lower)	Higher/(Lower)	Higher/(Lower)	Higher/(Lower)
	2019	2018	2019*	2018*
	\$'000	\$'000	\$'000	\$'000
Market value changes				
Share portfolio value +10%	6,536	7,077	6,536	7,077
Share portfolio value -10%	(6,536)	(7,077)	(6,536)	(7,077)

(ii) Interest rate risk

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

The Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets, is as follows:

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 11. Financial risk management (cont'd)

a. Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	Weighted Average Effective Interest		Floating Interest Rate		Non Interest Bearing		Total	
	2019 %	2018 %	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assets:								
Cash and cash equivalents	1.56	1.25	236	649	-	-	236	649
Financial assets held at fair value through profit or loss			-	-	65,363	70,770	65,363	70,770
Receivables			-	-	10	-	10	-
Total Financial Assets			236	649	65,373	70,770	65,609	71,419
Financial Liabilities (excluding unitholder funds):								
Payables			-	-	235	519	235	519
Total Financial Liabilities			-	-	235	519	235	519
Net exposure			236	649	65,138	70,251	65,374	70,900

(iii) Foreign exchange risk

The Fund holds monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

b. Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemption of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's Constitution.

All financial liabilities have maturity terms within a month, other than net assets attributable to unitholders described below.

The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand. Investors need to provide 1 month plus 5 business days' notice.

Normally once Fundhost Limited decides the unitholder can withdraw their money, it takes 5 business days to process the request (although the Constitution for the Fund allows a reasonable period, which could be longer), and funds are then paid to the unitholder in accordance with instructions.

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as equity from 30 June 2018 and as a financial liability from 31 December 2017 up to 29 June 2018. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors liquidity on a monthly basis. The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund.

The Montaka Fund seeks to generate materially higher risk-adjusted returns, net of fees, than is available in the market place over the medium-term. The Montaka Fund will also seek to offer a significant level of capital preservation, across all market cycles. Returns are not guaranteed.

c. Credit risk

Credit risk primarily arises from investments in debt securities and from trading derivative products. The Fund's exposure to credit risk arises from potential default of the counterpart, with a maximum exposure equal to the carrying amount of the financial assets. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired or past due (2018: nil). The Fund does not invest in debt securities.

The carrying amount of financial assets approximates fair value as at the reporting date.

The Fund trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables.

**Notes to the Financial Statements
For the year ended 31 December 2019**

Note 12. Fair value of financial instruments

Financial instruments carried at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued using quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability. The prices for the Fund are based on redemption unit prices quoted by the investment or trustee.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments held at the balance date, recorded at fair value by level of the fair value hierarchy:

31 December 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Montaka Global Fund	-	65,363	-	65,363
Total	-	65,363	-	65,363

31 December 2018	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Montaka Global Fund	-	70,770	-	70,770
Total	-	70,770	-	70,770

There were no movements between level 1, 2 or 3 during 2019 (2018: nil).

Note 13. Unconsolidated Subsidiary

Subsidiary Name	Principal place of business	Ownership Interest %	
		2019	2018
Montaka Global Fund (General Class)	Australia	74.47%	77.30%

The above subsidiary does not control any further subsidiaries.

Restrictions

The Fund receives income in the form of trust distributions and interest from its investments in unconsolidated subsidiary, and there are no significant restrictions on the transfer of funds from this entity to the Fund.

Support

The Fund has no contractual commitments or current intentions to provide any other financial support to its unconsolidated subsidiary.

Note 14. Commitments and contingencies

There were no commitments nor contingent assets and liabilities at 31 December 2019 (2018: nil).

Note 15. Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

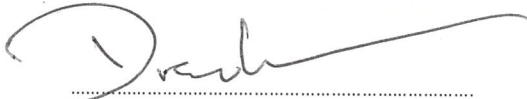
Directors' Declaration

The Directors of the Responsible Entity declare that:

- (i) The financial report and notes are prepared in accordance with the Corporations Act 2001, including:
 - a) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - b) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- (ii) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.
- (iii) In the Director's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director



.....
Drew Wilson

Dated this 18th day of March 2020



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working world**

Independent Auditor's Report to the unitholders of Montaka Global Access Fund

Opinion

We have audited the financial report of Montaka Global Access Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Montaka Global Access Fund is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Montaka Global Access Fund's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors of Fundhost Limited as the Responsible Entity of the Fund (the "Responsible Entity") are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, 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 Responsible Entity's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' 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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors 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.

A handwritten signature in grey ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in grey ink, appearing to read 'Mark Jones'.

Mark Jones
Partner
Sydney
18 March 2020