

GANES VALUE GROWTH FUND

ARSN 115 121 527

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Responsible Entity's Report

The Directors of Fundhost Limited, the Responsible Entity of the Ganes Value Growth Fund (the "Fund"), present their report together with the financial report of the Fund for the year ended 30 June 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:

Previous directors:	Period of Directorship
Stephen Robert Dixon	20/07/2010 - 10/04/2019
Peter MacArthur Morrison	20/07/2010 - 10/04/2019
David James Renton	20/07/2010 - 10/04/2019

Current directors:	Period of Directorship
Valerie Anne Monge	11/04/2019 - Present
Paul Ernest Dortkamp	11/04/2019 - Present
Robert H Nagel	11/04/2019 - Present
Drew Wilson	11/04/2019 - Present

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

Scheme Information

The Fund is an Australian registered scheme and was constituted on 17 July 2005. The Responsible Entity of the Fund is incorporated and domiciled in Australia.

Ganes Investment Management Pty Ltd is the Investment Manager for the Fund.

The Fund's custodian is National Australia Bank Limited and the administrator of the Fund is Fundhost Limited.

Review and results of operations

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

The profit attributable to unitholders before finance costs was as follows:

	Year ended 30 June	
	2019	2018
	\$'000	\$'000
Operating (loss) / profit	(1,095)	6,762

The Directors are satisfied that the performance of the Fund reflects the investment strategies implemented in order to achieve the Fund's investment objectives.

Distributions

Distributions paid or payable in respect of the financial year were:

	2019		2018	
	\$'000	\$ per unit	\$'000	\$ per unit
30 September - Distribution paid	445	0.0314	92	0.0060
31 December - Distribution paid	642	0.0473	155	0.0100
31 March - Distribution paid	545	0.0425	100	0.0065
30 June - Distribution payable (including reinvested units)	1,507	0.1500	1,773	0.1201
Total Distributions	3,139	0.2712	2,120	0.1426

Significant changes in state of affairs

On 10 April 2019, Macro Capital Limited (ABN 14 145 321 928) the Responsible Entity of the Ganes Value Growth Fund retired and Fundhost Limited (ABN 69 092 517 087) was appointed as the new Responsible Entity of the Fund.

On 11 April 2019, the new Responsible Entity has amended the Fund's Constitution to allow the Fund to operate under 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 11 April 2019, the Fund's units have been reclassified from a financial liability to equity. Refer to note 1 for further details.

As of 30 June 2019, the Fund's custodian is National Bank Australia (previously Bond Street Custodians) and the Fund's administrator is Fundhost Limited (previously Macro Fund Services Pty Ltd). There has been no other significant changes in the Fund's state of affairs occurred during the financial year.

Responsible Entity's Report (cont'd)

Principal activities

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

A concentrated investment portfolio is maintained to balance the return and risk objectives of the Fund. In accordance with these investment objectives, the Fund principally invests in Australian securities and financial products. There has been no significant change in the nature of these activities during the financial year.

Subsequent Events

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 financial years.

Likely Developments and Expected Results

The investment strategy of the Fund will be maintained in accordance with the Fund Constitution and investment objectives as detailed in the most recent Product Disclosure Statement.

Further details of likely future 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.

Environmental Regulation

The Fund's operations are not regulated by any significant Commonwealth or State environmental regulations or laws. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Units on Issue

The movement in units on issue of the Fund for the year were as follows:

	2019	2018
	No'000	No'000
Units on issue at the beginning of the year	14,801	16,715
Units issued	628	645
Units issued under distribution reinvestment plan	47	38
Units redeemed	<u>(5,427)</u>	<u>(2,597)</u>
Units on issue at the end of the year	<u>10,049</u>	<u>14,801</u>

Fund Assets

	2019	2018
	\$'000	\$'000
Value of total Fund assets as at 30 June	17,304	29,223
Net asset value as at 30 June	<u>15,224</u>	<u>27,480</u>

The basis for valuation of the assets is disclosed in Note 2 to the financial statements.

Fees paid to the Responsible Entity

	2019	2018
	\$'000	\$'000
Responsible Entity fee	<u>252</u>	<u>320</u>
	<u>252</u>	<u>320</u>

Options Granted

No options were granted:

- (i) over unissued units in the Fund during or since the end of the financial year; or
- (ii) to the Responsible Entity.

No unissued units in the Fund were under option as at the date on which this report was made. No units were issued in the Fund during or since the end of the financial year as a result of the exercise of an option over unissued units in the Fund.

Indemnification and Insurance of Directors, Officers and Auditor

No indemnities are in place for any directors, officers or auditor of the Fund. The Responsible Entity has paid insurance premiums during the financial year in respect of the directors and officers of the Responsible Entity.

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 responsible entity 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.

Responsible Entity's Report (cont'd)

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to (Rounding in Financial / Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

No officer or director of the responsible entity is or has been a partner/director of any auditor of the Fund.

This report of the Directors of the Responsible Entity is signed in accordance with a resolution of the Board of Directors.



Drew Wilson
Director

Dated this 18th day of September 2019



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

To the Directors of Fundhost Limited, the responsible entity of Ganes Value Growth Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Ganes Value Growth Fund for the financial year ended 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Matthew Beevers

Partner

Perth, Western Australia

18 September 2019

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Investment income			
Dividends and distributions		739	735
Interest income		1	1
Net (loss) / gain from financial instruments through profit or loss		(1,476)	6,346
Net investment (loss) / income		<u>(736)</u>	<u>7,082</u>
Operating expenses			
Responsible Entity fees	11(d)	(252)	(320)
Management fees		(37)	-
Withholding tax expense		(12)	-
Transaction fees		(19)	-
Other expenses		(39)	-
Total operating expense		<u>(359)</u>	<u>(320)</u>
Net (loss) / profit before finance costs		<u>(1,095)</u>	<u>6,762</u>
Finance cost attributable to unitholders			
Distributions to unitholders*		(1,632)	(2,120)
(Decrease) / increase in net assets attributable to unitholders of redeemable units before tax*		<u>(1,907)</u>	<u>4,642</u>
Profit		<u>812</u>	<u>-</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>812</u>	<u>-</u>

*Effective from 11 April 2019, distributions to unitholders and changes in net assets attributable to unitholders have been disclosed in the statement of changes in equity due to the change in the Constitution in connection with the AMIT tax regime implementation. These were disclosed in the above statement for the comparative year.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Ganes Value Growth Fund - ARSN 115 121 527

Statement of Financial Position
As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	4	4,480	1,723
Financial assets held at fair value through profit or loss	5	11,126	27,494
Receivables	6	1,698	6
Total assets		17,304	29,223
Liabilities			
Payables	7	573	29
Distribution payable	8	1,507	1,714
Total liabilities (excluding net assets attributable to unitholders)		2,080	1,743
Net assets attributable to unitholders - liability*		-	27,480
Net assets attributable to unitholders - equity*	9(a)	15,224	-
Represented by:			
Net assets attributable to unitholders (calculated in accordance with redemption requirements)		15,224	27,609
Adjustment from close-market prices to bid-market prices		-	(129)
Net assets attributable to unitholders*	9(a)	15,224	27,480

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as financial liability at 30 June 2018. Refer to note 1 for further details.

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

Ganes Value Growth Fund - ARSN 115 121 527

Statement of Changes in Equity
For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Opening balance at 1 July		-	-
Reclassification due to change in constitution from liability to equity at 11 April 2019*		19,968	-
Comprehensive income for the year			
Profit		812	-
Other comprehensive income		-	-
Total comprehensive income for the year		<u>812</u>	<u>-</u>
Transaction with unitholders			
Applications		9	-
Redemptions		(4,058)	-
Unit issued upon reinvestment of distributions		-	-
Distributions to unitholders		<u>(1,507)</u>	<u>-</u>
		<u>(5,556)</u>	<u>-</u>
Closing balance at 30 June*	9	<u>15,224</u>	<u>-</u>

* Effective 11 April 2019, the Fund's units have been reclassified from financial liability to equity. As a result, equity transactions including distributions subsequent to 11 April 2019 have been disclosed in the above statement for the year ended 30 June 2019. Refer to note 1 for further detail.

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

Statement of Cash Flows
For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Dividends and distributions received		727	735
Interest received		1	-
Responsible Entity fees and management fees paid		(302)	(318)
Other expenses paid		(58)	-
Net cash provided by operating activities	10	368	417
Cash flows from investing activities			
Proceeds on disposal of financial assets designated as at fair value through profit or loss		13,608	6,380
Purchase of financial assets designated as at fair value through profit or loss		(406)	(1,269)
Net cash provided by investing activities		13,202	5,111
Cash flows from financing activities			
Applications received		1,028	1,124
Payment for redemption of units		(8,571)	(4,565)
Distributions paid		(3,270)	(722)
Net cash used in financing activities		(10,813)	(4,163)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of financial year		1,723	358
Cash and cash equivalents at the end of the financial year	4	4,480	1,723

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

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 1. Basis of Preparation

Ganes Value Growth Fund ("the Fund") is an unlisted registered managed investment scheme under the Corporations Act 2001, established and domiciled in Australia.

The Fund's units are not traded in a public market and it does not file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

The Fund is an open-ended investment fund primarily involved in investing in securities issued by companies listed on the Australian Stock Exchange (ASX) with the objective of providing unitholders with positive returns over the medium to long term.

The investment activities of the Fund are managed by Ganes Investment Management Pty Ltd (the Investment Manager). The Responsible Entity and administration of the Fund is Fundhost Limited (ABN 69 092 517 087).

The financial statements were approved by the Board of Directors of the Responsible Entity on 18 September 2019.

Reclassification of units from financial liability to equity

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. On 11 April 2019, the Responsible Entity has amended the Fund's Constitution on the appointment of the new Responsible Entity to allow the Fund to operate as an AMIT and the conditions to adopt the AMIT tax regime have been met. The Responsible Entity elected into the AMIT regime for the Fund effective for the 2019 financial year and the Fund is therefore no longer contractually obliged to pay distributions. Consequently the units in the Fund have been reclassified from financial liability to equity upon the election.

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* and the Fund's Constitution. The Fund is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

Note 2. Significant Accounting Policies

Impact of the adoption of new and amended Accounting Standards

The adoption of all new and revised standards and interpretations issued by the AASB effective for periods commencing 1 July 2018 (principally AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers) have not resulted in any material changes to the Fund's accounting policies and have no effect on the amounts reported for the current or for prior periods.

a. Financial Instruments

In the current year the Fund has adopted AASB 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

Initial recognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are recognised at trade date, which is the date on which the Fund becomes a party to the contractual provisions to the instruments. Financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit and loss are initially measured at fair value, with transaction costs recognised in the profit and loss. Financial assets or financial liabilities not at fair value through profit or loss, are initially measured at fair value plus transaction costs, directly attributable to its acquisition or issue.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 2. Significant Accounting Policies (cont'd)

a. Financial Instruments (cont'd)

Classification and subsequent measurement

In accordance with AASB 9, the Fund classifies its financial assets and financial liabilities at initial recognition as 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

They comprise:

- *Financial instruments at fair value through profit or loss*

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 and are not held to sell the financial assets. Consequently, these investments are measured at fair value through profit or loss.

- *Financial instruments measured at amortised cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including term deposits.

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 is measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

Financial assets measured at amortised cost are initially recognised at fair value inclusive of any transaction costs, and are subsequently remeasured to amortised cost using the effective interest rate method.

Fair value measurement

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 or in its absence, the most advantageous market to which the Fund has access at that date.

When available, the Fund measures the fair value of an instrument using the last price quoted in an active market for that instrument, which is a price between the bid-ask spread. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If the bid price is unavailable, then the Fund applies valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest rate method*; and
- less any reduction for impairment.

The *effective interest rate method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revision to expected future net cash flows will necessitate any adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The fair value of units in managed investment schemes is determined by reference to the unit price at the close of business on the Statement of Financial Position date being the Net Asset Value as established by the underlying Fund's Responsible Entity.

Gains or losses on investments are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Investments of the Fund which are considered to be equity securities, units in managed investment schemes, derivatives and some interest bearing securities which have been acquired principally for the purpose of selling in the near term.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 2. Significant Accounting Policies (cont'd)

a. Financial Instruments (cont'd)

Impairment

The adoption of AASB 9 has changed the Fund's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Fund to record an allowance for 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 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.

As at 1 July 2018 and 30 June 2019, no material expected credit losses were determined or recognised.

Derecognition of financial assets

The Fund derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

Derecognition of financial liabilities

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Revenue and Income recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Interest revenue is recognised using the effective interest rate method. Dividend revenue is recognised when the right to receive a dividend has been established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the Statement of Profit or Loss and Other Comprehensive Income.

Net gains or losses on investments designated as at fair value through profit or loss are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point.

As all of the above revenue are outside the scope of the AASB 15 Revenue from Contracts with Customers, the adoption of the new standard does not have a material impact on the Fund's financial position or performance, or the presentation and disclosures in the Financial Report.

c. Cash and cash equivalents

Cash and cash equivalents comprise of deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in its fair value and are used by the Fund in the management of short term commitments.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 2. Significant Accounting Policies (cont'd)

d. Receivables

Receivables include accrued dividend and distribution income, accrued income on interest-bearing securities and securities sold where settlement has not yet occurred.

Dividends 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 60 days of being recorded as receivables.

e. Payables

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

f. Distributions and taxation

Under current legislation, the Fund is not subject to income tax as the taxable income (including assessable realised capital gains) is included in the assessable income of the investors.

In accordance with the Product Disclosure Statement and Constitution, the Fund will endeavour to distribute the distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the taxable income of the Fund.

g. Net assets attributable to unitholders

Units are redeemable at unitholders' option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to unitholders. The units are carried at the redemption amount that is payable at the balance sheet date if the unitholders exercise their right to put the units back to the Fund.

For the financial year ending 30 June 2018 and prior to 11 April 2019, the units were classified as financial liability as the Fund was required to distribute its distributable income in accordance with the Fund's Constitution. Effective from 11 April 2019 under the updated Constitution, the units have been reclassified from financial liability to equity as the Fund satisfies all criteria for the classification of puttable financial instruments as equity under AASB 132 Financial Instruments: Presentation. The Fund is no longer obliged to pay distributions following the amendments to its Constitution.

h. Redeemable units

The redeemable units are classified as equity and are measured at the present value of the redemption amounts (see Note 9).

i. Determination of application and redemption prices

The application and redemption prices are determined by the value of net assets attributable to unitholders which is the value of assets of the Fund less their liabilities other than liabilities representing rights attaching to units, divided by the number of units on issue and adjusted for estimated transaction costs, as outlined in the Fund's Constitution and Product Disclosure Statement.

j. Goods and service tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition or as part of the expense item as applicable; and
- ii. when receivables and payables are stated with the amount of GST included.

Reduced input tax credits (RITC) recoverable by the Fund from the Australian Tax Office are recognised as a receivable in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

k. Use of judgements and estimates

The preparation of the Fund's financial statement requires Directors of the Responsibility Entity to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Fair value of financial instruments

When the fair value of financial assets recorded in the Statement of Financial Position cannot be derived from active markets, it is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Refer to Note 5 for additional information on determination of fair values at 30 June 2019.

**Notes to the Financial Statements
For the year ended 30 June 2019**

Note 2. Significant Accounting Policies (cont'd)

l. Capital management

The Responsible Entity manages net assets attributable to unitholders as capital. The amount of net assets can change significantly on a daily/weekly basis due to changes in the value of assets held and because the Fund is subject to weekly applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of weekly applications and redemptions relative to the liquid assets in the Fund.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders by way of a distribution or redemption of units. The Fund is not subject to any externally imposed capital requirements.

m. New Accounting Standards and Interpretations effective, not yet adopted

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet mandatory and have not been early adopted by the Fund for the annual reporting period ended 30 June 2019.

Based on the Fund's initial assessment, the impact of these new or amended Accounting Standards and Interpretations are not expected to have a material impact of the Fund.

- AASB 16 Leases, becomes mandatory for the 2020 financial statements (effective 1 July 2019) and removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases.

n. Rounding of amounts

The Fund is an entity of the kind referred to (Rounding in Financial / Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

o. Functional and Presentation Currency

The Fund's functional and presentation currency is the Australian Dollar, which is the currency of the primary economic environment in which they operate. The Fund's performance is evaluated and its liquidity is managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

p. Expenses

Responsible Entity fees are recognised in the profit or loss on an accruals basis.

q. Finance Costs

Up until 30 June 2018, distributions paid and payable on units were recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs and as a liability until paid. From 11 April 2019, due to the Fund's election to enter the AMIT regime, net assets attributable to unitholders are classified as equity and subsequent to this change, the recognition of finance costs attributable to unitholders is not longer applicable. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

r. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 3. Auditor's Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor of the Fund* for:		
Auditing the financial report	13,000	10,250
Auditing the compliance plan	5,000	3,500
	18,000	13,750

* Incurred by the Responsible Entity

Note 4. Cash and Cash Equivalents

	2019	2018
	\$'000	\$'000
Cash on hand and at bank	4,480	414
Cash on deposit	-	1,309
	4,480	1,723

Note 5. Other Financial Assets

	2019	2018
	\$'000	\$'000
Financial assets held at fair value through profit or loss	11,126	27,494

(a) Financial assets at fair value through profit and loss

Listed equities and managed investment schemes

Equities	11,126	27,494
Total	11,126	27,494

(b) Fair value of financial instruments

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices (level 1), those involving valuation techniques where all the model inputs are observable in the market (level 2) and those where the valuation technique involves the use of non-market observable inputs (level 3).

	Valued at Quoted market price (Level 1) \$'000	Valuation technique - market observable inputs (Level 2) \$'000	Valuation technique - non-market observable inputs (Level 3) \$'000
30 June 2019			
Financial assets designated at fair value through profit or loss			
Listed equity securities	11,126	-	-
	11,126	-	-
30 June 2018			
Financial assets designated at fair value through profit or loss			
Listed equity securities	27,494	-	-
	27,494	-	-

Note 6. Balances due from brokers and other receivables

	2019	2018
	\$'000	\$'000
Balances due from brokers (sale transactions awaiting settlement)	1,691	-
Reduced input tax credits	6	-
Other receivables	1	6
	1,698	6

Note 7. Payables

	2019	2018
	\$'000	\$'000
Due to Responsible Entity	4	29
Management fee payable to Ganes Capital Management Pty Ltd	13	-
Redemptions payable	556	-
	573	29

Notes to the Financial Statements
For the year ended 30 June 2019

Note 8. Distributions Payable

	2019	2018
	\$'000	\$'000
Prior year accrual	1,714	386
Distributions paid/re-invested in the year	(3,346)	(792)
Distributions to unitholders	3,139	2,120
	<u>1,507</u>	<u>1,714</u>

Note 9. Change in net assets attributable to unitholders

Under AASB 132 Financial Instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

For the year ended 30 June 2018 and prior to 11 April 2019, the Fund classified its net assets attributable to unitholders as financial liability in accordance with AASB 132. As disclosed in note 1, the Fund's Constitution has been amended from 11 April 2019 and it no longer has contractual obligations to pay distributions to unitholders after electing to the AMIT regime. Therefore the net assets attributable to unitholders of the Fund meet the criteria set out under AASB132 and are classified as equity. As a result of the reclassification of net assets attributable to unitholders from financial liability to equity, the Fund's distributions are no longer classified as finance cost in the statement of comprehensive income subsequent to 11 April 2019, but rather as transactions with unitholders in the statement of changes in equity.

(a) Changes in net assets attributable to unitholders

	2019	2018
	\$'000	\$'000
Net assets attributable to unitholders at 1 July - Liability*	27,480	26,209
Changes in net assets attributable to unitholders resulting from operations	(1,907)	4,642
Unitholders' contributions/redemptions		
Units issued as cash application & under the distribution reinvestment plan	1,095	1,194
Units redeemed	(5,068)	(4,565)
Distributions to unitholders	(1,632)	-
Reclassification due to change to constitution	(19,968)	-
Closing balance at 10 April 2019 - Liability*	<u>-</u>	<u>-</u>
Opening balance at 11 April 2019 - Equity*	-	-
Reclassification due to change to constitution	19,968	-
Profit	812	-
Unitholders' contributions/redemptions		
Units issued as cash application & under the distribution reinvestment plan	9	-
Units redeemed	(4,058)	-
Distributions to unitholders	(1,507)	-
Net assets attributable to unitholders at end of the year - Liability*	<u>-</u>	<u>27,480</u>
Net assets attributable to unitholders at end of the year - Equity*	<u>15,224</u>	<u>-</u>

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as financial liability at 30 June 2018.

(b) Units on issue

	2019	2018
	Units '000	Units '000
Units on issue as at the beginning of the year	14,801	16,715
Units issued as cash application	628	645
Units issued under the distribution reinvestment	47	38
Units redeemed	(5,427)	(2,597)
Units on issue as at the end of the year	<u>10,049</u>	<u>14,801</u>
	\$	\$
(c) Net assets attributable to unitholders per unit	<u>1.5149</u>	<u>-</u>

Notes to the Financial Statements
For the year ended 30 June 2019

Note 9. Change in net assets attributable to unitholders (cont'd)**Redeemable Units**

The rights attaching to the redeemable units are as follows:

- The units may be redeemed weekly at the redemption price (Net Asset Value/Units on Issue less transaction costs) per unit. However, the Responsible Entity may elect to calculate unit prices more or less frequently or more than once for a particular Business Day.
- The net asset value is calculated by subtracting from the assets of the Fund (which include all investments and other assets of the Fund) all liabilities of the Fund. The assets and liabilities are valued as follows:
 - For assets and liabilities quoted in an active market – using the last traded price on the valuation date; and
 - For other assets and liabilities – using probable realisation value estimated with care and good faith.
- Redeemable units carry a right to receive notice of, attend and vote at general meetings.
- The holders of redeemable units are entitled to receive all distributions declared and paid by the Fund. The Fund may distribute income, if any, on a quarterly basis.
- On winding-up, the holders are entitled to a return of capital based on the realisation value of the underlying assets less any liabilities.

Notwithstanding the redeemable unitholders' rights to redemptions as above, the Fund has the right, as set out in the Constitution, to suspend withdrawals in order to manage redemption levels and maintain adequate liquidity.

Note 10. Notes to the Statement of Cash flow

	2019	2018
	\$'000	\$'000
i. Reconciliation of net cash provided by operating activities to net profit		
Net (loss) / profit before finance costs attributable to unitholders	(1,095)	6,762
Add / (less) non-cash items:		
Net loss / (gain) from financial instruments through profit or loss	1,476	(6,346)
Changes in assets and liabilities during the financial year:		
(Increase) / decrease in receivables	(1)	-
Increase / (decrease) in payables	(12)	1
Net cash provided by operating activities	368	417

ii. Non-cash investing and unitholder activities

	2019	2019	2018	2018
	Units	\$'000	Units	\$'000
Units created in the Fund under reinvestment plan	47	76	38	70

Note 11. Related Parties**Responsible Entity**

On 10 April 2019, Macro Capital Limited (ABN 14 145 321 928) the Responsible Entity of the Ganes Value Growth Fund retired and Fundhost Limited (ABN 69 092 517 087) was appointed as the new Responsible Entity of the Fund.

From 11 April 2019, the Responsible Entity of the Fund is Fundhost Limited (ABN: 69 092 517 087). The Responsible Entity is an Australian Financial Services License holder.

Compensation of key management personnel of the Responsible Entity**a. Details of key management personnel of the Responsible Entity****i. Directors****Macro Capital Limited**

Stephen Robert Dixon	Director	20/07/2010 - 10/04/2019
Peter MacArthur Morrison	Director	20/07/2010 - 10/04/2019
David James Renton	Director	20/07/2010 - 10/04/2019

Fundhost Limited

Valerie Anne Monge	Director	11/04/2019 - Present
Paul Ernest Dortkamp	Director	11/04/2019 - Present
Robert H Nagel	Director	11/04/2019 - Present
Drew Wilson	Director	11/04/2019 - Present

ii. Other key management personnel

The Responsible Entity of the Fund is considered to provide key management personnel services with the authority for the strategic direction and management of the Fund.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 11. Related Parties (cont'd)**b. Compensation of key management personnel of the Responsible Entity***Principles of compensation*

Compensation of the Directors of the Responsible Entity is paid directly by a related party of the Responsible Entity. The Directors of the Responsible Entity are not provided with any direct compensation by the Fund itself. Directors of the Responsible Entity are not entitled to any units or equity interests in the Fund, or any rights to or options for units or equity interests in the Fund, as a result of the compensation provided by the related party of the Responsible Entity.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of compensation provided to directors of the Responsible Entity and the responsible entity fee and management fees paid by the Fund to the Responsible Entity in accordance with the Fund Constitution and product disclosure statement.

c. Compensation of key management personnel of the Responsible Entity

All related party transactions are conducted on normal commercial terms and conditions.

i. Related party investment held by the Fund

The Fund has no investment in the Responsible Entity or other Funds of which Fundhost Limited is also the Responsible Entity.

d. Fees

The fees and costs charged by the Responsible Entity are as follows:

Up until 10 April 2019, Macro Capital Limited (the former Responsible Entity) received a monthly responsible entity fee of 1.10% plus GST.

As the total fee reported is based on the actual fees charged over the financial report period as applied to the actual net assets of the Fund on the last day of each valuation period, it is possible that the reported fee will exceed the maximum stated above. As detailed in the Product Disclosure Statement of the Funds, the limit above does not include transaction costs and amounts considered by the former Responsible Entity to be abnormal expenses or extraordinary expenses.

The former Responsible Entity receives all management fees and expense recovery fees that have been paid by the Fund for the year. The management fee is paid on a monthly basis.

From 11 April 2019, Fundhost as the new Responsible Entity is entitled to receive a monthly responsible entity and administration fee of 0.25% plus GST from the Fund. This amount is expressed as an annual percentage; however it will be applied on each valuation date taking into account the number of days in the valuation period and the net assets of the Fund.

Total fees paid to the Responsible Entity during the year in the nature of expense recovery fees and management of the Fund were as follows:

	2019	2018
	\$'000	\$'000
Responsible Entity fees paid directly by the Fund - Macro Capital Limited	214	320
Responsible Entity fees paid directly by the Fund - Fundhost Limited	38	-

As at the Statement of Financial Position date the amounts owed to the Responsible Entity in relation to the management were as follows:

	2019	2018
	\$'000	\$'000
Due to Responsible Entity - Macro Capital Limited	-	29
Due to Responsible Entity - Fundhost Limited	4	-

Note 12. Financial risk management objectives and policies**a. Financial risk management objectives, policies and processes**

The Fund's assets principally consist of financial instruments which comprise quoted equity investments.

The Responsible Entity is responsible for identifying and controlling risks within the Fund. It monitors and controls risks based on limits which have regard for the Fund's business strategy, market environment and the level of the risk that the Fund is willing to accept.

The Fund's investment guidelines set out its overall business strategies, its tolerance for risk and its general risk management philosophy. These risks include financial risks such as market risks (including currency risk, price risk and fair value interest rate risk), credit risk and liquidity risk.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 12. Financial risk management objectives and policies (cont'd)**b. Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and monitored using sensitivity analysis and through all investment activities being undertaken in accordance with established mandate limits and investment strategies.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Fund is also exposed to earnings volatility on floating rate instruments.

A summary of the Fund's exposure to interest rate is as follows:

	Less than 1 month \$'000	Total \$'000
30 June 2019		
Assets		
Cash and cash equivalents	4,480	4,480
30 June 2018		
Assets		
Cash and cash equivalents	1,723	1,723

The following table demonstrates the potential sensitivity of the Fund's Statement of Profit or Loss and Other Comprehensive Income to a reasonably possible change in interest rates, with all other variables held constant. The analysis only considers the impact on cash flow in relation to the impact on income from variable rate cash and cash equivalent investments held as at 30 June of the relevant year. It does not make an assessment of the impact on fair value of fixed rate instruments held.

The sensitivity analysis is based on the variable rate cash and cash equivalent investments held directly by the Fund as at reporting date. However, interest rates and the balance of variable rate cash and cash equivalent investments of the Fund did not remain constant throughout the financial year and therefore the actual results may differ from the sensitivity below.

Interest rate sensitivity

	Change in basis points	Profit or Loss \$'000
Year ended 30 June 2019	50/(50)	22/(22)
Year ended 30 June 2018	50/(50)	9/(9)

Price risk

Price risk is the risk that the total value of the investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, the issuer or all factors affecting all instruments traded in the market. The Fund manages price risk by investing in a range of securities in accordance with its investment strategy as outlined in the Product Disclosure Statement.

The Fund has investments in equity securities which expose the Fund to price risk. The investment manager manages the Fund's market risk on a daily/weekly basis in accordance with the Fund's investment objectives and policies.

As the Fund's financial instruments are carried at fair value, with changes in fair value recognised in the Statements of Profit or Loss, all changes in market conditions will directly affect investment incomes.

The effect on net assets attributable to unitholders and operating profit before distribution due to reasonably possible changes in market factors, with all other variables held constant is indicated in the table below. The sensitivity analysis is based on the directly held financial assets held at fair value by the Fund as at the reporting date. However, the Fund's financial assets held at fair value did not remain constant throughout the financial year and therefore as such, the actual results may differ from the sensitivity.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 12. Financial risk management objectives and policies (cont'd)**b. Market risk (cont'd)****Price risk (cont'd)**

	Profit or loss Higher/(Lower)	
	2019 \$'000	2018 \$'000
Market value changes		
Share portfolio value +5%	-	(6)
Share portfolio value -5%	-	6

Concentration risk

There were no significant concentrations of price risk to any individual significant issuer or group of issuer at 30 June 2019 or 30 June 2018.

The Fund's concentration of price risk by the top three holdings of net assets attributable to unitholders are as follows:

	2019 %		2018 %
MFF Capital Investments Limited	12	Smart Group Corporation Limited	14
PWR Holdings Limited	12	MFF Capital Investments Limited	12
ARB Corporation Limited	9	ARB Corporation Limited	11

The following table sets out concentration of the equity investments held by the Fund as at the reporting date:

	2019 % of net assets	2018 % of net assets
Equity investments:		
Listed equities	73.1	100.1
Total equity investments	<u>73.1</u>	<u>100.1</u>

c. 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, resulting in a financial loss to the Fund. Credit risk primarily arises from:

- Financial assets held by the funds;
- Cash and cash equivalents; and
- Amounts due from brokers.

None of these assets are impaired nor past due but not impaired.

The Fund manages credit risk as follows:

- Credit risk on financial assets is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties.
- Credit risk on liquid funds is minimised as the counter parties are banks with high credit ratings; and
- Credit risk on amounts due from brokers is minimised by conducting settlements through an approved broker. Trades are settled only when both parties have fulfilled their contractual settlement obligations.

The Fund's cash and cash equivalents are held with Macquarie Group and Bankwest until 10 April 2019 and with NAB for the remainder of the year.

Balances due from brokers represent sale transactions awaiting settlement. Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

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

	2019 \$'000	2018 \$'000
Cash and cash equivalents	4,480	1,723
Interest, dividends and other receivables	1,698	6
Total	<u>6,178</u>	<u>1,729</u>

Notes to the Financial Statements
For the year ended 30 June 2019

Note 12. Financial risk management objectives and policies (cont'd)**d. Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund ensures, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stress conditions, including estimated redemption of units, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's investments in listed securities are considered to be readily realisable because they are traded on the Australian

The Fund's liabilities consist of payables and amounts due to the Responsible Entity. These amounts are generally discharged within 15 days (2018: 15 days).

	Within 1 Year		1 to 5 Years		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Distribution payable	1,507	1,714	-	-	1,507	1,714
Payables	573	29	-	-	573	29
Total outflows	2,080	1,743	-	-	2,080	1,743

Financing arrangements

As at and during the financial year the Fund had no material finance facility.

e. Fair values

The fair value of financial assets and liabilities held by the Fund must be estimated for recognition, measurement and / or disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Fund is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using common valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The carrying values (net of any applicable impairment provision) of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Note 13. Subsequent Events

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2019, of the Fund, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2019, of the Fund.

Note 14. Contingent Liabilities

There were no commitments and contingent liabilities or assets at 30 June 2019 (2018: nil).

Note 15. Terms and Conditions on units

Each unit issued confers upon the unitholder an equal interest in a Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of a Fund. Unitholders have various rights under the Constitutions and the *Corporations Act 2001*, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unit are identical in all respects.

Ganes Value Growth Fund - ARSN 115 121 527

Directors' Declaration

In the opinion of the directors of Fundhost Limited, the Responsible Entity of the Ganes Value Growth Fund ('the Fund'):

- (a) The financial statements 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 30 June 2019 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Drew Wilson
Director
Sydney
Dated this 18th day of September 2019



Independent Auditor's Report

To the Members of Ganes Value Growth Fund

Opinion

We have audited the **Financial Report** of the Ganes Value Growth Fund (the Scheme).

In our opinion, the accompanying **Financial Report** of the Ganes Value Growth Fund is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the Scheme's financial position as at 30 June 2019, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statement of financial position as at 30 June 2019;
- Statement of profit or loss and other comprehensive income for the year then ended;
- Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors of the Responsible Entity's Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Ganes Value Growth Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Responsible Entity's Report. The Directors of Hostfund Limited (the Responsible Entity) are responsible for the Other Information.

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. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors of Fundhost Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Matthew Beevers

Partner

Perth

18 September 2019