



**AUSPACIFIC INVESTMENT  
FUND**

ABN 72 464 682 450

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2018

**AUSPACIFIC INVESTMENT FUND**  
**TRUSTEE REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

The Directors of the Trustee, Vasco Investment Managers Limited, present their report on the Auspacific Investment Fund ('the Fund') for the year ended 30 June 2018.

**1. Directors**

The names of Directors of the Trustee in office at any time during the financial year are:

Craig Mathew Dunstan (appointed 6 August 2009)

Fiona Jean Dunstan (appointed 6 August 2009)

Stephen George Hawkins (appointed 10 May 2010)

Jonathan William Martin (appointed 6 August 2009)

The Directors have been in office since the establishment of the Fund to the date of this report unless otherwise stated.

**2. Principal Activities**

The principal activities of the Fund are to provide investors with the opportunity to achieve attractive returns by lending money to companies undertaking property development projects in Australia.

These companies may be related to the Investment Manager.

The Fund was established on 13 March 2017 and issued the first units on the commencement date of 5 June 2017.

**3. Operating Results**

The operating profit of the Fund for the financial year ending 30 June 2018 was \$262,509. (2017: Loss \$ 4,290).

**4. Review of Operations**

During the period since inception the Fund issued 2,500,000 units.

Unit Class	Number of Unitholders	Currency	Target Rate* p.a.	Minimum Term	Units Allocated	Value of Units
Investment Option 1	5	AUD	10.00%	2 Years	2,500,000	\$2,500,000
Total	5				2,500,000	\$2,500,000

During the period, a total loan of \$1,064,424 was made to New State Pty Ltd, with three drawdowns of \$510,000, \$422,019 and \$132,405 made on 20 December 2017, 1 June 2018 and 14 June 2018 respectively, with a term of 2 years. The non default rate is 11% per annum and interest on the loan is payable from the utilisation drawdown dates to the first payment date of the 20 June 2018 then annually thereafter. The repayment date will be 24 months from the date of the first drawdown which was 20 December 2017.

The balance of the Fund's assets are held on deposit with Macquarie Bank awaiting other investment opportunities.

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**5. Review of Performance**

Investors can expect to receive an annual target return on their investment, as specified in the Term Sheet for the Investment Option in which they are investing, subject to the Investment Manager subsidising the return.

**6. Unit Redemption Prices**

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) are shown as follows:

	2018	2017
	\$	\$
At 30 June	1.00	1.00
High during year	1.00	1.00
Low during year	1.00	1.00

The availability and timing of redemptions is subject to the terms of the Fund's Constitution. Further fees may apply upon redemption.

**7. Distributions Paid or Recommended**

In accordance with the Information Memorandum of the Fund, distributions are calculated and accrued on a daily basis and are paid on an annual basis as at 30 June each year. The target income return is not guaranteed and will be calculated on the initial amount invested (not a compound basis). The target income return is calculated from the date units were issued to investors in the Auspacific Investment Fund.

The first distribution was due on 30 June 2018. Returns payable to investors are expected to be paid in accordance with the respective term sheets issued for each unit class.

The following distributions are payable for the period to 30 June 2018:

Period	Distribution
5/6/2017 to 30/6/2018	\$258,219

The total distributions declared for the financial year were \$258,219 (2017: \$nil).

As stated in the Information Memorandum, the Investment Manager has committed to make up any shortfall in the distributions to investors.

**8. Applications Held**

As at 30 June 2018, the value of pending applications is \$nil.

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**FOR THE YEAR ENDED 30 JUNE 2018**

**9. Redemption Arrangements**

As detailed in the Fund's Constitution the Trustee is not under any obligation to buy back, purchase or redeem units from unitholders. Consequently, no units were redeemed by the Trustee during the reporting period.

Investors are unable to withdraw from the Fund before the Minimum Term specified in the Term Sheet. Once the minimum term is reached, investors will be able to participate in quarterly withdrawal offers provided by the Trustee, subject to available liquidity.

**10. 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 outstanding at the date of this report. The directors and executives of the Trustee hold no options over interests in the Fund.

**11. 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 their proceedings. The Fund was not a party to any such proceedings during the period.

**12. Value of Scheme Assets**

The Gross Asset Value of the Fund's assets at the end of the reporting period was \$2,527,100 (2017: \$ 1,995,424). The Net Asset Value at the end of the reporting period 2,500,000 (2017: \$ 1,995,710).

**13. Significant Changes in State of Affairs**

Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Fund during the financial year.

**14. After Balance Date 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 other than as disclosed in this report.

**15. Future Developments**

There are no future developments to report on which are not otherwise disclosed in this report.

**16. Fees, Commissions or Other Charges by the Trustee, Investment Manager or Related Parties**

Fees of \$27,055 (plus GST) were accrued and paid by the Fund to Trustee for the period. In addition fees of \$21,821 (plus GST) were accrued and paid by the Fund to the Administration Manager.

The fees have been paid by the Fund and will be reimbursed by the Investment Manager. The deficit is shown against the performance fee and will be recovered prior to any fees paid to the Investment Manager.

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**17. Indemnifying Officers or Auditor**

During or since the end of the financial year, the Trustee has paid insurance premiums to insure each of the aforementioned directors as well as officers of the Trustee against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Trustee, other than conduct involving a willful breach of duty in relation to the Trustee.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Trustee has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Trustee or of any related body corporate against a liability incurred as such an officer or auditor.

**18. Units held by the Trustee, Investment Manager or Related Parties**

At 30 June 2018, the Trustee or Investment Manager and their related parties held no units in the Fund.

**19. Interests Issued in the Fund**

During the financial year 500,000 units were issued.

**20. Number of Interests on Issue**

At 30 June 2018, the number of units on issue in the Fund was 2,500,000 (2017: 2,000,000)

**21. Rounding of Amounts**

The Fund is of a kind referred to in the *Australian Securities and Investments Commission's Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. Consequently, amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument, or in certain cases, the nearest thousand dollars.

**22. Environmental Issues**

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Signed in accordance with a resolution of the Board of Directors of Vasco Investment Managers Limited by:



**Craig Mathew Dunstan**

Director

Date: 14 September 2018

# AUSPACIFIC INVESTMENT FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>Revenue and other income</b>			
Bank interest	2 (b)	34,658	1,394
Loan interest income	3 (a)	34,158	-
Reimbursement from Auspacific		16,184	-
<b>Total revenue and other income</b>		<b>85,000</b>	<b>1,394</b>
<b>Expenses</b>			
Performance fees	7	(237,048)	-
Trustee fees	8	27,055	5,205
Administration fees	8	21,821	-
Other administration expenses	9	10,663	479
<b>Total expenses</b>		<b>(177,509)</b>	<b>5,684</b>
<b>Operating profit/(loss) before finance costs attributable to unitholders</b>		<b>262,509</b>	<b>(4,290)</b>
<b>Finance costs attributable to unitholders</b>			
Distribution payable to unitholders		258,219	-
<b>Total comprehensive income</b>		<b>4,290</b>	<b>(4,290)</b>

The accompanying notes form part of these financial statements

# AUSPACIFIC INVESTMENT FUND

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	2 (a)	1,459,468	1,995,424
Accrued investment income	3 (a)	3,208	-
<b>Total current assets</b>		<b>1,462,676</b>	<b>1,995,424</b>
<b>Non-current assets</b>			
Investment assets	3 (b)	1,064,424	-
<b>Total non-current assets</b>		<b>1,064,424</b>	<b>-</b>
<b>Total assets</b>		<b>2,527,100</b>	<b>1,995,424</b>
<b>Liabilities</b>			
Fees payable	4	(233,284)	-
Administration expenses payable	5	2,165	(286)
Distributions payable		258,219	-
<b>Total liabilities</b>		<b>27,100</b>	<b>(286)</b>
<b>Net assets</b>		<b>2,500,000</b>	<b>1,995,710</b>
<b>Represented by:</b>			
Issued units	6 (a)	2,500,000	2,000,000
Undistributed profit/(loss) attributable to unitholders	6 (b)	-	(4,290)
<b>Net assets attributable to unitholders</b>		<b>2,500,000</b>	<b>1,995,710</b>

The accompanying notes form part of these financial statements

# AUSPACIFIC INVESTMENT FUND

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Bank interest		34,658	1,394
RITC receivable		3,133	(286)
Loan interest		30,950	-
Reimbursement from Investment Manager		16,184	-
Fees paid		(56,457)	(5,205)
Other expenses		-	(479)
Net cash provided by/(used in) operating activities	10	<u>28,468</u>	<u>(4,576)</u>
<b>Cash flows from investing activities</b>			
Payment for investment assets		(1,064,424)	-
Net cash provided by/ (used in) investing activities		<u>(1,064,424)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from units issue		500,000	2,000,000
Net cash provided by/ (used in) financing activities		<u>500,000</u>	<u>2,000,000</u>
Net increase/ (decrease) in cash and cash equivalents		(535,956)	-
Cash and cash equivalents at the beginning of year		1,995,424	-
<b>Cash and cash equivalents at the end of year</b>	2 (a)	<u><u>1,459,468</u></u>	<u><u>1,995,424</u></u>

The accompanying notes form part of these financial statements



**AUSPACIFIC INVESTMENT FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or the end of the financial year.

**AUSPACIFIC INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The financial report is for the entity Auspacific Investment Fund ('the Fund') as an individual entity. The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund is Vasco Investment Managers Limited, and Auspacific Capital Management Pty Ltd is appointed as the Investment Manager of the Fund.

**Financial Reporting Framework**

The Fund is not a reporting entity, because in the opinion of the directors of the Trustee, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored, so as to specifically satisfy all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the directors of the Trustee's reporting requirements under *Corporations Act 2001*.

**Basis of Preparation**

The financial report is a special purpose financial report that has been prepared in accordance with the recognition and measurement requirements of all Australian Accounting Standards (including Australian Accounting Interpretations), and the disclosure requirements of *AASB 101: Presentation of Financial Statements*, *AASB 107: Statement of cash flows* and *AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors*, the *Corporations Act 2001 (Cth)* and the Fund's Constitution.

The functional and presentation currency of the Fund is Australian dollars.

**Significant Accounting Policies**

**(a) Financial instruments**

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

**(i) Measurement**

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

Under this approach, financial assets and financial liabilities are generally measured initially at fair value excluding any transaction costs that are directly attributable to acquisition.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in their fair value recognized in the statement of comprehensive income.

*Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets are based on their quoted market prices at the reporting date without any deduction for estimate future selling costs. Financial assets are priced at current bid prices on the reporting date, while financial liabilities are priced at current offer prices.

*Fair value in an inactive or unquoted market*

The fair values of financial assets and liabilities that are not traded in an active market are determined through the valuation policy identified in the Information Memorandum for the Fund

**AUSPACIFIC INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Financial instruments (continued)**

**(ii) Categorisation**

The Fund's investments are categorised as follows:

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

*Issued units*

The Fund issues units which have a limited life under the Fund's Constitution and are classified as equity in accordance with *AASB 132 Financial Instruments: Presentation* as amended by *AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation*.

Should the terms or conditions of the units change such that they no longer comply with the criteria for classification as equity in the revised *AASB 132*, the units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

Where the Fund buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in equity attributable to the Fund's unitholders.

**(b) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST, and accruals are shown exclusive of GST.

**(c) Income tax**

Under current legislation, the Fund is not liable for income tax provided its taxable income is fully distributed to unitholders.

**(d) Critical judgements and significant accounting estimates**

The preparation of financial statements requires the directors of the Trustee 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.

## AUSPACIFIC INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (e) New accounting standards and interpretations

A number of new accounting standards and interpretation have been published, and are mandatory for at least part of the 30 June 2018 reporting period, having come into effect on the 1 January 2018:

- (i) AASB 9 *Financial Instruments*
- (ii) AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*
- (iii) AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments - Part C*
- (iv) AASB 2014-1 *Amendments to Accounting Standards*

Broadly, these new standards require all financial instruments to measured at fair value unless the criteria for amortised cost are met.

The introduction of the standard is not expected to change the measurement basis of any of the Fund's current financial instruments.

##### (v) AASB 15: *Revenue from contracts with customers*

Broadly, this new standard relates to the recognition of revenue from contracts for goods and services, including construction contracts.

While this standard does not relate to a significant portion of the Fund's holdings, to the extent that it does apply, it is not expected to change the measurement basis of any of the Fund's current financial instruments, or the valuation of the Fund's assets.

There are no other pending standards that are relevant to the Fund in the current or future reporting periods as at the issue date of this report.

#### NOTE 2: CASH AND CASH EQUIVALENTS

##### (a) Cash at bank

	2018	2017
	\$	\$
Macquarie Bank	1,459,468	1,995,424
	<u>1,459,468</u>	<u>1,995,424</u>

##### (b) Bank interest income

Cash on deposit is held in a Macquarie Bank cash management account (AUD). The interest rate that has been paid by Macquarie to 31 December 2017 was 1.40%. From 1 January 2018 the interest rate has been 1.30% p.a. paid monthly on balances greater than \$5,000. The Fund has been able to obtain a higher return from Macquarie amounting to an extra 0.25% p.a.

# AUSPACIFIC INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 3: INVESTMENT ASSETS

#### (a) Investment income

A return of 11% p.a. is payable on the amount invested in the loan. Interest applicable on the loan is \$34,158 as at 30 June 2018.

Interest on the loan is calculated from the utilisation drawdown dates to the 30 June 2018 then annually thereafter. The first interest payment of \$30,950 was paid on 26 June 2018.

#### (b) Investment held

As at 30 June 2018, the total loan to New State Pty Ltd was \$1,064,424. The investment has a potential term of 2 years from the date of the first drawdown.

### NOTE 4: FEES PAYABLE

	2018	2017
	\$	\$
Trustee fees payable	2,055	-
Administration fees payable	1,709	-
Performance fees payable	(237,048)	-
	<b>(233,284)</b>	<b>-</b>

### NOTE 5: ADMINISTRATION EXPENSES PAYABLE

	2018	2017
	\$	\$
GST payable/(receivable)	(742)	(286)
Provision for tax return fees	2,300	-
Other accrued fees	607	-
	<b>2,165</b>	<b>(286)</b>

### NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

#### (a) Issued units

	2018	2017
	\$	\$
Opening balance	2,000,000	-
Redemptions	-	-
Units issued – applications	500,000	2,000,000
Units issued – reinvestment of distributions	-	-
<b>Closing balance</b>	<b>2,500,000</b>	<b>2,000,000</b>

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

## AUSPACIFIC INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

##### (b) Undistributed profit/(loss) attributable to unitholders

	2018	2017
	\$	\$
Opening balance	(4,290)	-
Operating profit/(loss) before finance costs attributable to unitholders	262,509	(4,290)
Distributions paid	-	-
Distributions payable	258,219	-
<b>Closing balance</b>	<b>-</b>	<b>(4,290)</b>

Withholding taxes applicable to the distributions payable during the 2018 financial year were \$20,464.

Total distributions payable for the financial year were \$258,219

##### (c) Capital management

The Fund regards total unitholders' interests as capital. The objective of the Fund is to provide unitholders with income distributions. The Fund aims to achieve this objective mainly through lending to property developers undertaking development projects around Australia.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions.

#### NOTE 7: PERFORMANCE FEES

In accordance with the Information Memorandum of the Fund, the Investment Manager is entitled to a performance fee equivalent to all surplus funds generated by the Fund after all fees, expenses, returns of capital and distributions are paid by the Fund. The performance fee is calculated and payable to Auspacific Capital Management Pty Ltd.

All deficit performance fees will be recovered prior to any payment to the Investment Manager. As the recovery will be through interest income, the deficit performance fee is effectively prepaid interest as it reflects the amount not recoverable by the Investment Manager from future interest income received of the same amount.

#### NOTE 8: TRUSTEE AND ADMINISTRATION FEES

In accordance with the Information Memorandum, Vasco Investment Managers Limited as the Trustee of the Fund is entitled to an annual fee of 0.10% (plus GST) of the gross asset value of the Fund, paid monthly in arrears, subject to a minimum fee of \$25,000 (plus GST). The Trustee was paid an establishment fee of \$24,500 (plus GST).

Vasco Funds Management Pty Ltd as the Administration Manager of the Fund is entitled an annual administration fee of \$20,800 (plus GST) where the Fund has gross assets of less than \$10m and there are less than 25 unitholders. The annual administration manager fee will increase by 4% on 1 January each year commencing on 1 January 2018.

## AUSPACIFIC INVESTMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### NOTE 9: OTHER ADMINISTRATION EXPENSES

	2018	2017
	\$	\$
Tax return fees	2,143	-
Legal fees	4,600	-
Bank fees	30	-
Other administration expenses	707	245
GST expense (non-claimable)	3,183	234
	<u>10,663</u>	<u>479</u>

#### NOTE 10: CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with profit/ (loss) for the year

	2018	2017
	\$	\$
Profit/(loss) for the year	4,290	(4,290)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(3,208)	-
Increase/ (decrease) in payables	27,386	(286)
Cash flows from operating activities	<u>28,468</u>	<u>(4,576)</u>

#### NOTE 11: RELATED PARTY TRANSACTIONS

##### (a) Trustee

The Trustee of the Auspacific Investment Fund is Vasco Investment Managers Limited.

Fees of \$27,055 (plus GST) were accrued and paid by the Fund to Vasco Investment Managers Limited for its role as Trustee for the period, of which 1,488 is claimable by the Fund as RITC.

The Investment Manager is responsible for payment of the fees of the Trustee and Administration Manager. These amounts have been recorded against the performance fees and will be recovered prior to any payment to the Investment Manager.

##### (b) Investment Manager

The Investment Manager of the Auspacific Investment Fund is Auspacific Capital Management Pty Ltd.

As at 30 June 2018, no performance fees were payable to the Investment Manager. No fees were paid to the Investment Manager during the year. A deficit of \$233,284 will be recovered prior to any fees being paid to the Investment Manager.

## **AUSPACIFIC INVESTMENT FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

#### **NOTE 11: RELATED PARTY TRANSACTIONS (continued)**

##### **(c) Administration Manager**

The Administration Manager of the Auspacific Investment Fund is Vasco Funds Management Pty Ltd. The Administration Manager is a related party of the Trustee.

Administration fees of \$21,821 (plus GST) were accrued and paid by the Fund to Vasco Funds Management Pty Ltd for its role as Administration Manager of the Fund, of which 1,637 is claimable by the Fund as RITC.

The Investment Manager is responsible for payment of the fees of the Trustee and Administration Manager. These amounts have been recorded against the performance fees and will be recovered prior to any payment to the Investment Manager.

##### **(d) Key management personnel**

The Fund does not employ personnel in its own right. However, it has an incorporated Trustee, Vasco Investment Managers Limited and an Investment Manager, Auspacific Capital Management Pty Ltd, to manage the activities of the Fund. The directors of the Trustee and Investment Manager are key management personnel of those corporate entities. No compensation is paid directly by the Fund to directors or to any of the key management personnel of the Trustee or Investment Manager. Payments made by the Fund to the Trustee and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

#### **NOTE 12: REMUNERATION OF AUDITORS**

For the period ended 30 June 2018 the accounts of the Fund were not subject to audit and accordingly no audit fees were paid.

#### **NOTE 13: CONTINGENT LIABILITIES**

There are no contingent liabilities at the end of the period.

#### **NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE**

As at the date of this report, there have been no other events subsequent to the reporting date that require additional disclosure.

#### **NOTE 15: FINANCIAL RISK MANAGEMENT**

##### **(a) Liquidity Risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund holds investments in loans for property development which are not considered to be assets that are readily realisable.

In order to address this risk, the Trustee retains broad discretion to restrict distributions, withdrawals and/or redemptions.



## **AUSPACIFIC INVESTMENT FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

#### **NOTE 15: FINANCIAL RISK MANAGEMENT (continued)**

##### **(b) Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Fund. The Fund is exposed to this risk for various financial instruments, for example, placing money at financial institutions or loan interest that is paid in arrears. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date.

The Investment Manager manages the exposure to credit risk on an ongoing basis.

#### **NOTE 16: TRUSTEE DETAILS**

The registered office and the principal place of business of the Trustee are:

Vasco Investment Managers Limited

Level 5

488 Bourke Street

Melbourne Victoria 3000

## AUSPACIFIC INVESTMENT FUND

### DIRECTORS' DECLARATION

The directors of Vasco Investment Managers Limited, the Trustee, have determined that the Fund is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of Vasco Investment Managers Limited, the Trustee, declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the Fund's financial position as at 30 June 2018 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' 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 Board of Directors and is signed for and on behalf of the directors of Vasco Investment Managers Limited by:



**Craig Mathew Dunstan**

Director

14 September 2018