

**CYAN SIV EMERGING COMPANIES  
FUND**

ABN 42 273 027 383

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2018

# **CYAN SIV EMERGING COMPANIES FUND**

## **TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2018**

The Directors of the Trustee, Vasco Investment Managers Limited, present their report on the Cyan SIV Emerging Companies 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 a total return (both income and capital growth), after fees and costs, that exceeds the S&P/ASX Emerging Companies Accumulation Index over the medium to long term. The scheme was registered on 22 November 2010 and settled on 1 September 2011. On 28 October 2012 the Fund was deregistered and Vasco Investment Managers Limited who was previously the Responsible Entity of the Fund assumed the role of Trustee and incidental Custodian.

During the previous financial year ending 30 June 2017, Cyan Investment Management Pty Ltd was appointed as Investment Manager of the Fund, and the Fund name changed from D H Flinders Microcap Equity Fund to Cyan SIV Emerging Companies Fund. Following the change of name, the Fund also had a change of investment strategy. The Fund sold all the shares purchased since 2013, with the exception of four companies and bought new shares following the recommendation of the new Investment Manager.

The investment strategy adopted is to invest in accordance with the SIV rules as they apply to emerging companies funds whilst seeking to preserve capital.

### **3. Operating Results**

The operating profit/(loss) of the Fund for the financial year ending 30 June 2018 was \$242,197 (2017: (\$1,657)).

### **4. Review of Operations**

During the period since inception, the Fund has issued 1,819,678 units. Of these units, 50,450 units have been redeemed. The total units on issue as at 30 June 2018 was 1,769,228.

As at 30 June 2018, the Fund has:

- (i) Invested in a portfolio of shares in a range of ASX listed microcap companies with a current portfolio value of \$1,623,327.
- (ii) Invested an amount of \$200,000 into a Macquarie Bank term deposit with a term of 3 months at an interest rate of 2.30% on 15 January 2018. This term deposit matured on 16 April 2018 and was reinvested with an interest rate of 2.45% and an expected maturity date of 16 July 2018.

## CYAN SIV EMERGING COMPANIES FUND

### TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2018

#### 5. Review of Performance

Unit Class	2018 % p.a.	2017 % p.a.	2016 % p.a.	2015 % p.a.
Ordinary Units	14.44	1.38	20.47	-17.49

#### 6. Unit Redemption Prices

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

	2018 \$	2017 \$
At 30 June	0.9294	0.9124
High during year	1.1048	0.9572
Low during year	0.9294	0.8750

The availability and timing of redemptions is subject to the terms of the Fund's Constitution.

#### 7. Distributions Paid or Recommended

In accordance with the Information Memorandum of the Fund, distributions are accrued on an annual basis as at the end of June.

The distribution will be paid in September 2018.

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

Period	Distributions Payable (CPU)
1 July 2017 – 30 June 2018	12.58

The total distributions declared for the financial year were \$222,507 (2017: \$73).

#### 8. Applications Held

At 30 June 2018, the value of pending applications was nil.

#### 9. Redemption Arrangements

As detailed in the Fund Constitution the Trustee is not under any obligation to buy back, purchase or redeem units from unitholders.

Redemption requests are ordinarily processed within 30 days of receipt of a redemption request although the Constitution does allow this period to be extended if it is deemed to be in the best interests of Unitholders to have a more orderly realisation of assets.

#### 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.

# **CYAN SIV EMERGING COMPANIES FUND**

## **TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2018**

### **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 \$1,891,969 (2017: \$ 1,670,306). The Net Asset Value at the end of the reporting period was \$1,652,345 (2017: \$ 1,668,290).

### **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. 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 against a liability incurred as such an officer or auditor.

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

Issuer fees of \$34,476 (plus GST) were accrued and paid by the Fund to the Trustee for the period.

Performance fees of \$16,486 (plus GST) were accrued and are payable by the Fund to Trustee for the period.

The Investment Manager fees are paid by the Trustee directly to the Investment Manager from the Issuer fees.

# CYAN SIV EMERGING COMPANIES FUND

## TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2018

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

At 30 June 2018, the Trustee and its related parties held 1,769,228 units in the Fund. 10 settlor units were issued to set up the Fund. Entities associated with two directors of the Trustee own 107,260 units. Another director of the Trustee owns 20,170 units. The Trustee as trustee of ACIF Emerging Companies Fund own 1,641,788 units.

### 19. Interests Issued in the Fund

During the financial year no units were issued.

### 20. Number of Interests on Issue

At 30 June 2018, the number of units on issue in the Fund was 1,769,228 (2017: 1,819,678).

### 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 Regulation

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: 17 September 2018

**CYAN SIV EMERGING COMPANIES 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)	5,292	1,985
Investment income	3 (a)	296,281	5,149
<b>Total revenue and other income</b>		<b>301,573</b>	<b>7,134</b>
<b>Expenses</b>			
Performance fees	7	16,486	-
Issuer fees	8	34,476	6,932
Other administration expenses	9	8,414	1,859
<b>Total expenses</b>		<b>59,376</b>	<b>8,791</b>
<b>Operating profit/(loss) before finance costs attributable to unitholders</b>			
	6 (b)	<b>242,197</b>	<b>(1,657)</b>
Distribution payable		(222,507)	(73)
Distribution paid		-	(8,343)
Unrealised capital gain/(loss)		15,401	63,224
<b>Total Comprehensive Income</b>		<b>35,091</b>	<b>53,151</b>

The accompanying notes form part of these financial statements

**CYAN SIV EMERGING COMPANIES FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	2 (a)	252,845	310,971
Sundry debtor	2 (c)	14,841	12,195
Accrued term deposit interest		956	-
<b>Total current assets</b>		<b>268,642</b>	<b>323,166</b>
<b>Non-current assets</b>			
Investment assets	3 (b)	1,623,327	1,347,140
<b>Total non-current assets</b>		<b>1,623,327</b>	<b>1,347,140</b>
<b>Total assets</b>		<b>1,891,969</b>	<b>1,670,306</b>
<b>Liabilities</b>			
Fees payable	4	16,164	2,594
Administration expenses payable	5	953	(651)
Distribution payable	6 (b)	222,507	73
<b>Total liabilities</b>		<b>239,624</b>	<b>2,016</b>
<b>Net assets</b>		<b>1,652,345</b>	<b>1,668,290</b>
<b>Represented by:</b>			
Issued units		1,581,291	1,626,010
Undistributed profit/(loss) attributable to unitholders	6 (b)	71,054	42,280
<b>Net assets attributable to unitholders</b>		<b>1,652,345</b>	<b>1,668,290</b>

The accompanying notes form part of these financial statements

**CYAN SIV EMERGING COMPANIES FUND**

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

	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		\$	\$
<b>Cash flows from operating activities</b>			
Bank interest		4,336	1,985
Dividends received		50,756	11,213
Payments to supplier		(42,365)	(5,142)
Tax paid		2,190	-
Distributions paid		(73)	(8,343)
Net cash provided by/(used in) operating activities	10	<u><b>269,170</b></u>	<u><b>(287)</b></u>
<b>Cash flows from investing activities</b>			
Payment for financial assets at fair value through profit or loss		(389,533)	(1,266,840)
Proceeds from sale of financial assets at fair value through profit or loss		367,598	70,517
Net cash provided by/ (used in) investing activities		<u><b>(21,935)</b></u>	<u><b>(1,196,323)</b></u>
<b>Cash flows from financing activities</b>			
Proceeds from units issued		-	1,500,000
Payments for units redeemed		(51,035)	-
Net cash provided by/ (used in) financing activities		<u><b>(51,035)</b></u>	<u><b>1,500,000</b></u>
Net increase/ (decrease) in cash and cash equivalents		(58,126)	303,390
Cash and cash equivalents at the beginning of year		310,971	7,581
<b>Cash and cash equivalents at the end of year</b>	2 (a)	<u><u><b>252,845</b></u></u>	<u><u><b>310,971</b></u></u>

The accompanying notes form part of these financial statements



**CYAN SIV EMERGING COMPANIES 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.

# CYAN SIV EMERGING COMPANIES 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 Cyan SIV Emerging Companies 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 Cyan Investment Management Pty Ltd is appointed as the Investment Manager of the Fund.

The scheme was registered on 22 November 2010 and subsequently deregistered on 28 October 2012 and is a for profit entity. At that date Vasco Investment Managers Limited ceased being a responsible entity of the Fund and assumed the role of Trustee and Custodian.

#### 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.

## CYAN SIV EMERGING COMPANIES FUND

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

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

##### (a) Financial instruments (continued)

###### *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

##### (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.

## CYAN SIV EMERGING COMPANIES FUND

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

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

##### **(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.

##### **(e) Comparatives**

Comparative numbers for the year ending 30 June 2017 are shown.

##### **(f) 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.

# CYAN SIV EMERGING COMPANIES FUND

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

### NOTE 2: CASH AND CASH EQUIVALENTS

#### (a) Cash at bank

	2018	2017
	\$	\$
Macquarie Bank cash management account	52,845	310,971
Macquarie Bank term deposit	200,000	-
	<u>252,845</u>	<u>310,971</u>

#### (b) Bank interest income

Cash on deposit is held in a Macquarie Bank cash management account (AUD) and term deposit account (AUD). The interest rate paid by Macquarie on the cash management account to 31 December 2017 was 1.40%. From 1 January 2018 the interest rate has been 1.30% pa 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% pa.

The interest rate on the term deposit from 15 January 2018 to 16 April 2018 was 2.30%, and from 17 April 2018 to 16 July 2018 was 2.45%.

#### (c) Sundry debtor

	2018	2017
	\$	\$
Accrued dividends and distributions	14,841	12,195
	<u>14,841</u>	<u>12,195</u>

### NOTE 3: INVESTMENT ASSETS

#### (a) Investment income

	2018	2017
	\$	\$
Dividends and distributions	56,438	9,803
Realised capital gains/(losses)	239,843	(4,654)
	<u>296,281</u>	<u>5,149</u>

The Fund receives dividends or distributions from shares and unit trusts held as well as interest from cash at bank and term deposits. The Fund also realises capital gains on the portfolio of shares and unit trusts. Investment income generated was \$296,281 for the period to 30 June 2018. (2017: \$68,373)

# CYAN SIV EMERGING COMPANIES FUND

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

### NOTE 3: INVESTMENT ASSETS (continued)

#### (b) Investment held

As at 30 June 2018, the 10 major investments in which the Cyan SIV Emerging Companies Fund held an interest were:

No	Company Name	ASX Code	Cost (\$)	Market Value (\$)
1	Aksesstoday Ltd	AXL	92,318	142,800
2	Thorney Technologies Ltd	TEK	99,993	117,013
3	Motorcycle Holdings Group Ltd	MTO	119,323	105,581
4	Forager Australian Shares Fund	FOR	102,408	101,500
5	Kelly Partners Group Hol. Ltd	KPG	116,665	99,200
6	Experience Co Ltd	EXP	96,752	97,500
7	Credible Labs Inc.	CRD	107,690	87,665
8	Spirit Telecom Ltd	ST1	43,934	87,500
9	Australian Unity Office Fund	AOF	74,145	82,950
10	Srg Limited	SRG	56,057	77,600
<b>Total</b>				999,309

In addition the Fund held a three month term deposit of \$200,000 with Macquarie Bank.

As at 30 June 2018, the total value of the portfolio was \$1,623,327 (2017: \$1,363,016).

### NOTE 4: FEES PAYABLE

	2018	2017
	\$	\$
Trustee fees payable	2,906	2,594
Performance fees payable	13,258	-
	<b>16,164</b>	<b>2,594</b>

### NOTE 5: ADMINISTRATION EXPENSES PAYABLE

	2018	2017
	\$	\$
Sundry creditors	-	11
GST payable/(receivable)	(988)	(921)
Provision for tax return fees	1,500	-
Other accrued fees	441	259
	<b>953</b>	<b>(651)</b>

**CYAN SIV EMERGING COMPANIES FUND**

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

**NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**(a) Issued units**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Opening balance	1,626,010	126,010
Redemptions	(44,719)	-
Units issued – applications	-	1,500,000
Units issued – reinvestment of distributions	-	-
<b>Closing balance</b>	<b><u>1,581,291</u></b>	<b><u>1,626,010</u></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. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Opening balance	42,280	(10,871)
Operating profit/(loss) before finance costs attributable to unitholders	242,197	(1,657)
Redemption premium	(6,317)	-
Unrealised capital gain/(loss)	15,401	63,224
Distributions paid	-	(8,343)
Distributions payable	(222,507)	(73)
<b>Closing balance</b>	<b><u>71,054</u></b>	<b><u>42,280</u></b>

Withholding tax applicable to the distributions payable during the 2018 financial year was nil.

Total distributions payable for the financial year were \$222,507.

**(c) Capital management**

The Fund regards total unitholders' interests as capital. The objective of the Fund is to provide unitholders with income distributions and capital growth over the medium to long term. The Fund aims to achieve this objective mainly through investing in a diversified range of unlisted equities.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions. The Trustee regularly reviews the performance of the Fund, including asset allocation strategies, investment and risk management.

## CYAN SIV EMERGING COMPANIES FUND

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

#### NOTE 7: PERFORMANCE FEES

In accordance with the Information Memorandum, the Trustee is entitled to a performance fee. The performance fee is equal to 20% of the amount (if any) by which the Fund's investment performance (before fees) exceeds a total return of 10% per annum (referred to as "the performance hurdle").

A performance fee is:

- Payable to the Trustee if the Fund's investment performance exceeds the performance hurdle.
- Only charged on the proportion of Fund's performance above the performance hurdle.
- Only payable when any applicable performance deficit since 1 April 2016 has been recouped.
- If payable, is accrued monthly and reflected in the Unit price of the Fund.

Any unrecovered performance deficit as at 30 June is carried forward for up to three consecutive years (this is sometimes referred to as the performance fee 'reset date', at which point the accrued performance deficit is taken to be zero).

#### NOTE 8: ISSUER FEES

In accordance with the Information Memorandum, Vasco Investment Managers Limited as the Trustee of the Fund is entitled to Issuer Fees. Issuer fees are calculated at 1.95% pa on the Net Asset Value of the Fund at the end of the month. The Trustee is also entitled to a performance fee as detailed in Note 7.

#### NOTE 9: OTHER ADMINISTRATION EXPENSES

	2018	2017
	\$	\$
GST expense (non-claimable)	1,293	316
Withholding tax on dividends received	467	1,206
Tax return fees	2,500	-
Other administration expenses	1,122	337
Brokerage fees	3,032	-
	<b>8,414</b>	<b>1,859</b>

#### 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	35,091	53,151
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(3,602)	(12,195)
Increase/ (decrease) in payables	237,681	2,937
Cash flows from operating activities	<b>269,170</b>	<b>43,893</b>



## **CYAN SIV EMERGING COMPANIES FUND**

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

#### **NOTE 11: RELATED PARTY TRANSACTIONS**

##### **(a) Trustee**

The Trustee of the Cyan SIV Emerging Companies Fund is Vasco Investment Managers Limited.

Issuer fees of \$34,476, (plus GST) were accrued and paid by the Fund to Vasco Investment Managers Limited for its role as Trustee for the period, of which \$1,896 is claimable by the Fund as RITC.

Performance fees of \$16,486 (plus GST) were accrued and paid by the Fund to Vasco Investment Managers Limited for its role as Trustee for the period, of which \$1,236 is claimable by the Fund as RITC.

At 30 June 2018, the Trustee and its related parties held 1,769,228 units in the Fund. 10 settlor units were issued to set up the Fund. Entities associated with two directors of the Trustee own 107,260 units. Another director of the Trustee owns 20,170 units. The Trustee as trustee of ACIF Emerging Companies Fund own 1,641,788 units.

##### **(b) Investment Manager**

The Investment Manager of the Cyan SIV Emerging Companies Fund is Cyan Investment Management Pty Ltd.

The Investment Manager is paid by the Trustee.

##### **(c) 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, Cyan Investment 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 events subsequent to the reporting date that require additional disclosure.

## **CYAN SIV EMERGING COMPANIES FUND**

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

#### **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 emerging company shares, 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

##### **(b) Securities Market Risk**

Changes in securities prices across the relevant securities markets in which the Fund invests may adversely affect the performance of its units. Factors that drive changes in securities prices include changing profitability of companies and industries, economic cycles, volume of share issuance, investor demand levels, business confidence and government and central bank policies including the level and direction of interest rates and natural disasters and man-made disasters beyond the control of the Investment Manager and the Trustee.

Whilst complying with the SIV guidelines for complying emerging companies' funds, the Investment Manager will take a relatively conservative investment approach and hold a significant weighting to cash, floating rate interest securities and real estate securities so as to reduce market risk and the volatility of returns to investors.

#### **NOTE 15: 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

## **CYAN SIV EMERGING COMPANIES 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

17 September 2018