



**ACIF PROSPERITY FUND
APVEC UNIT CLASS**

ABN 28 420 102 660

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

**ACIF PROSPERITY FUND
APVEC UNIT CLASS**

**TRUSTEE REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The Directors of the Trustee, Vasco Investment Managers Limited present their report on the ACIF Prosperity Fund Prime Value Emerging Companies Unit Class ("the APVEC Unit Class" or "the Unit Class") for the year ended 30 June 2019.

1. Directors

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

Craig Mathew Dunstan	(appointed 6 August 2009)
Fiona Jean Dunstan	(appointed 6 August 2009)
Stephen George Hawkins	(appointed 10 May 2009, retired 2 July 2019)
Jonathan William Martin	(appointed 6 August 2009)
Reginald Bancroft	(appointed 2 July 2019)

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 ACIF Prosperity Fund are to provide SIV investors with access to a diversified range of SIV compliant investments with attractive returns over the medium to long term. The ACIF Prosperity Fund has three unit classes. The APVEC Unit Class is one of the unit classes. The two other unit classes are the Balancing Investment (ABI) Unit Class and the Cyan Emerging Companies (ACEC) Unit Class.

The principal activities of the Unit Class are to invest in the ACIF Prime Value SIV Emerging Companies Fund which is investing in an SIV compliant emerging companies portfolio via the Prime Value Emerging Companies Protected Fund. The ACIF Prosperity Fund was established on 14 April 2016 and issued the first units in the APVEC Unit Class on 31 October 2017.

3. Operating Results

The operating profit of the Fund for the financial year ending 30 June 2019 was nil (2018: nil).

4. Review of Operations

During the period since inception the Unit Class has issued 10,497,600 units of which none have resulted from the reinvestment of distributions. No redemptions of units have occurred.

During the financial year 2,999,400 units have been issued of which none have resulted from the reinvestment of distributions.

Vasco Funds Management Pty Limited, the Administration Manager, changed its name to Vasco Fund Services Pty Limited during the year. The Directors of the Administration Manager resolved to change the name to better reflect the activities of the company and also it is in line with industry convention. The ACN and other details remain unchanged.

On 12 April 2019 a new Information Memorandum (IM) was issued in relation to the ACIF Prosperity Fund, which changed the name of the Unit Class from APECF to APVEC.

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4. Review of Operations (Continued)

As at 30 June 2019 the Fund's investments were comprised of the following:

Investment	Value (\$)
ACIF Prime Value SIV Emerging Companies Fund	10,499,700
Total	10,499,700

5. Review of Performance

Unit Class	2019 % p.a.	2018 % p.a.
Ordinary units	-	0.04

6. Unit Redemption Prices

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

	2019 \$	2018 \$
At 30 June	1.0002	1.0004
High during year	1.0002	1.0004
Low during year	1.0002	1.0000

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, the Unit Class is not expected pay any distributions.

8. Applications Held

As at 30 June 2019, the value of pending unit allocations was nil.

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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.

The Fund's Constitution also prohibits investors from withdrawing any amount from the Fund until the expiration of 4 years from the date of their investment. In addition, investments in the ACIF Prime Value SIV Emerging Company Unit Class has a minimum investment term of 5 years.

Withdrawal requests that can be satisfied will be done so within 60 days of receipt of requests. Only the proceeds from realisation of assets of APVEC Unit Class will be used to satisfy withdrawal requests from APVEC Investors.

Investors should also note that their Units may be redeemed by the Trustee in certain circumstances specified in the Constitution, including if the Trustee determines, in its sole and absolute discretion that it would be in the best interests of Investors to do so.

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 to the court for leave to bring proceedings on behalf of the Fund, or to 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.

12. Value of Scheme Assets

The Gross Asset Value of the Fund's assets at the end of the reporting period was \$10,499,873 (2018: \$ 7,500,943). The Net Asset Value at the end of the reporting period was \$10,499,700 (2018: \$ 7,499,700).

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.

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FOR THE YEAR ENDED 30 JUNE 2019**

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 or of any related body corporate against a liability incurred as such an officer or auditor.

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

Fees of \$166 (plus GST) were payable to the Trustee for the period.

In accordance with the Information Memorandum of the ACIF Prosperity Fund, the Investment Manager is responsible to cover any shortfall where the APVEC Unit Class or the ACIF Prime Value Emerging Companies Fund cannot pay the fees of the Trustee or Administration Manager.

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

At 30 June 2019, no units were held by the Trustee, Investment Manager or related parties.

19. Interests Issued in the Fund

	2019	2018
Opening Unit Balance	7,498,200	7,498,200
Units issued - applications	2,999,400	-
Closing Unit Balance	10,497,600	7,498,200

20. Number of Interests on Issue

As at 30 June 2019, the number of units on issue in the Fund was 10,497,600 (2018: 7,498,200)

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 Fund are not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

**ACIF PROSPERITY FUND
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**TRUSTEE REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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

A handwritten signature in black ink, appearing to read 'Craig Mathew Dunstan', with a long horizontal flourish extending to the right.

Craig Mathew Dunstan

Director

Date: 25 July 2019

**ACIF PROSPERITY FUND
APVEC UNIT CLASS**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
Revenue and other income			
Bank interest	2 (a)	64	-
Distribution income	2 (b)	-	1,243
Total revenue and other income		64	1,243
Expenses			
Trustee fees	3	57	1,190
Other expenses	4	7	53
Total expenses		64	1,243
Net profit attributed to unitholders		-	-
Other comprehensive income			
Fair value profit or (loss) on investments	5	-	(300)
Total other comprehensive income		-	(300)
Total comprehensive income for the year attributable to unitholders net of distributions		-	(300)

The accompanying notes form part of these financial statements

**ACIF PROSPERITY FUND
APVEC UNIT CLASS**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	6	173	1,000
Accrued investment income	7 (b)	-	1,243
Total current assets		173	2,243
Non-current assets			
Investment assets	7 (a)	10,499,700	7,498,700
Total non-current assets		10,499,700	7,498,700
Total assets		10,499,873	7,500,943
Liabilities			
Fees payable	8	166	-
Other expenses payable	9	7	1,243
Total liabilities		173	1,243
Net assets		10,499,700	7,499,700
Represented by:			
Issued units	9 (a)	10,500,000	7,500,000
Undistributed profit/(loss) attributable to unitholders	9 (b)	(300)	(300)
Net assets attributable to unitholders		10,499,700	7,499,700

The accompanying notes form part of these financial statements

**ACIF PROSPERITY FUND
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

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.

**ACIF PROSPERITY FUND
APVEC UNIT CLASS**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Bank interest		64	-
Investment income		1,243	-
Payments to suppliers		(1,199)	-
Tax received		65	-
Net cash provided by/(used in) operating activities		173	-
Cash flows from investing activities			
Payment for investment assets		(3,001,000)	(7,499,000)
Net cash provided by/ (used in) investing activities		(3,001,000)	(7,499,000)
Cash flows from financing activities			
Proceeds from issue of units		3,000,000	7,500,000
Net cash provided by/ (used in) financing activities		3,000,000	7,500,000
Net increase/ (decrease) in cash and cash equivalents		(827)	1,000
Cash and cash equivalents at the beginning of year		1,000	-
Cash and cash equivalents at the end of year	6	173	1,000

The accompanying notes form part of these financial statements

**ACIF PROSPERITY FUND
APVEC UNIT CLASS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial report is for the ACIF Prosperity Fund Prime Value Emerging Companies Unit Class (“the APVEC Unit Class” or “the Unit Class”). The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund is Vasco Investment Managers Limited, and Australia China Investment Fund Pty Ltd is appointed as the Investment Manager of the Fund.

Basis of Preparation

(a) Statement of compliance

The Fund has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. ACIF Priority Fund Income Unit Class is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were approved by the Board of Directors of the Trustee on 25 July 2019.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following material items in the statement of financial position:

Investment assets are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Fund’s functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires the Directors of the Trustee to undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

ACIF PROSPERITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

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 estimated 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.

(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.

**ACIF PROSPERITY FUND
APVEC UNIT CLASS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(e) Comparatives

As the ACIF Prosperity Fund APVEC Unit Class commenced operations in October 2017, there are comparative numbers for the year ending 30 June 2018.

(f) New accounting standards and interpretations

A number of new accounting standards and interpretation have been published, and are mandatory for the 30 June 2019 reporting period, having come into effect on the 1 January 2018:

(i) *AASB9 Financial Instruments*

Broadly, this standard requires all financial instruments to be measured at fair value unless the criteria for amortised cost are met.

The introduction of the standard has not changed the measurement basis of any of the Fund's current financial instruments.

(ii) *AASB 15: Revenue from contracts with customers*

Broadly, this 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 pending standards that are relevant to the Fund in the current or future reporting periods as at the issue date of this report.

**ACIF PROSPERITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 2: REVENUE

The Funds revenue may be analysed under the following categories

(a) Bank interest

	2019	2018
	\$	\$
Bank interest	64	-
	<u>64</u>	<u>-</u>

Cash on deposit is held in a Macquarie Bank cash management account (AUD). The interest rate paid by Macquarie to 6 June 2019 was 1.30% p.a. paid monthly on balances greater than \$5,000. From 7 June 2019 the interest rate has been 1.05%. The Fund has been able to obtain a higher return from Macquarie, amounting to an extra 0.25% p.a.

(b) Distribution income

	2019	2018
	\$	\$
Investment in ACIF Prime Value Emerging Companies Fund		
The Sub-Fund declared a distribution in the previous financial year, but is not expected to pay out any distributions in the future, starting from this financial year.	-	1,243
	<u>-</u>	<u>1,243</u>

NOTE 3: TRUSTEE AND ADMINISTRATION FEES

	2019	2018
	\$	\$
Trustee fees	57	1,190
	<u>57</u>	<u>1,190</u>

Vasco Investment Managers Limited acts as the Trustee of the Fund. In accordance with the Information Memorandum, the trustee fee is calculated at 0.10% (plus GST) per annum of the gross asset value of the Fund, paid monthly in arrears, subject to a minimum fee of \$25,000 (plus GST) out of the assets of the Fund. The Trustee is entitled to receive an establishment fee of \$19,500 (plus GST).

Vasco Fund Services Pty Limited acts as the Administration Manager of the Fund. The administration manager fee is \$25,750 (plus GST) per annum for undertaking the administration of the Fund. The administration fee is subject to a 3% increase ever year.

These fees are split across the three unit classes using the GAV of the previous month.

In accordance with the Information Memorandum of the ACIF Prosperity Fund, the Investment Manager is responsible to cover any shortfall where the APVEC Unit Class or the ACIF Prime Value Emerging Companies Fund cannot pay the fees of the Trustee or Administration Manager.

**ACIF PROSPERITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4: OTHER EXPENSES

	2019	2018
	\$	\$
GST expense (non-claimable)	7	53
	<u>7</u>	<u>53</u>

NOTE 5: OTHER COMPREHENSIVE INCOME

As at 30 June 2019 the Fund's other comprehensive income comprised of:

Items that may be reclassified subsequently to profit or loss	2019	2018
	\$	\$
Investment in ACIF Prime Value Emerging Companies Fund	-	(300)
	<u>-</u>	<u>(300)</u>

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank

	2019	2018
	\$	\$
Macquarie Bank	173	1,000
	<u>173</u>	<u>1,000</u>

NOTE 7: INVESTMENTS

(a) Available for sale investments

As at 30 June 2019 the Fund's investments comprised of:

	2019	2018
	\$	\$
Investment in ACIF Prime Value Emerging Companies Fund	10,499,700	7,498,700
	<u>10,499,700</u>	<u>7,498,700</u>

(b) Distribution income

	2019	2018
	\$	\$
Investment in ACIF Prime Value Emerging Companies Fund		
The Sub-Fund declared a distribution in the previous financial year, but is not expected to pay out any distributions in the future, starting from this financial year.	-	1,243
	<u>-</u>	<u>1,243</u>
Less distributions received	-	-
Total accrued distributions	<u>-</u>	<u>1,243</u>

**ACIF PROSPERITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 8: FEES PAYABLE

	2019	2018
	\$	\$
Trustee fees payable	166	-
	<u>166</u>	<u>-</u>

In accordance with the Information Memorandum of the ACIF Prosperity Fund, the Investment Manager is responsible to cover any shortfall where the APVEC Unit Class or the ACIF Prime Value Emerging Companies Fund cannot pay the fees of the Trustee or Administration Manager.

NOTE 9: OTHER EXPENSES PAYABLE

	2019	2018
	\$	\$
RITC receivable	(10)	(65)
Other accrued fees	17	-
Trade creditors	-	1,308
	<u>7</u>	<u>1,243</u>

NOTE 10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units in \$

	2019	2018
	\$	\$
Opening balance	7,500,000	-
Units issued – applications	3,000,000	7,500,000
Closing balance	<u>10,500,000</u>	<u>7,500,000</u>

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.

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

	2019	2018
	\$	\$
Opening balance	(300)	-
Fair value profit/(loss) on investment	-	(300)
Closing balance	<u>(300)</u>	<u>(300)</u>

No distributions were payable for the financial year. No withholding taxes were applicable to distributions during the financial year.

**ACIF PROSPERITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

(c) Capital management

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with capital growth over the longer term. The Fund aims to achieve this objective mainly through investing in a diversified range of SIV compliant investments with an attractive return over the medium to long term.

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

NOTE 11: RELATED PARTY TRANSACTIONS

The Fund's related parties include those described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

(a) Trustee

The Trustee of Fund is Vasco Investment Managers Limited.

In accordance with the Information Memorandum of the ACIF Prosperity Fund, the Investment Manager is responsible to cover any shortfall where the APVEC Unit Class or the ACIF Prime Value Emerging Companies Fund cannot pay the fees of the Trustee or Administration Manager.

As at 30 June 2019, the Unit Class was the sole investor in the ACIF Prime Value SIV Emerging Companies Fund. The Trustee of the sub-fund is DHF Investment Managers Pty Ltd. DHF Investment Managers Pty Ltd is a related party to the Trustee.

(b) Investment Manager

The Investment Manager of the ACIF Prosperity Fund Prime Value Emerging Companies Unit Class is Australia China Investment Fund Pty Ltd.

As a 30 June 2019, the Unit Class was the sole investor in the ACIF Prime Value SIV Emerging Companies Fund. The Investment Manager of the sub-fund is Australia China Investment Fund Pty Ltd.

In accordance with the Information Memorandum of the ACIF Prosperity Fund, the Investment Manager is responsible to cover any shortfall where the APVEC Unit Class or the ACIF Prime Value Emerging Companies Fund cannot pay the fees of the Trustee or Administration Manager.

(c) Administration Manager

The Administration Manager of the Fund is Vasco Fund Services Pty Limited. The Administration Manager is a related party of the Trustee.

Vasco Funds Management Pty Limited, the Administration Manager, changed its name to Vasco Fund Services Pty Limited during the year. The Directors of the Administration Manager resolved to change the name to better reflect the activities of the company and also it is in line with industry convention. The ACN and other details remain unchanged.

In accordance with the Information Memorandum of the ACIF Prosperity Fund, the Investment Manager is responsible to cover any shortfall where the APVEC Unit Class or the ACIF Prime Value Emerging Companies Fund cannot pay the fees of the Trustee or Administration Manager.

**ACIF PROSPERITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11: RELATED PARTY TRANSACTIONS (continued)

(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, Australia China Investment Fund 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: CONTINGENT LIABILITIES

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

NOTE 13: 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.

NOTE 14: 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 an SIV compliant emerging companies portfolio, which is 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) Derivative Risk

Derivatives can be highly sensitive to changes in market prices and involve higher levels of risk than the underlying asset. This greater risk is due to a lower capital outlay required to gain exposure to the relevant asset and for the same capital outlay potential losses and gains can significantly magnified. Prime Value has stated that they use derivatives for risk management purposes only and do not use derivatives to leverage the Fund.

(c) Counterparty Risk

Counterparty risk is the risk that the institution with which you have entered a financial contract (the counterparty) will default on an obligation and fail to fulfil their side of the contractual arrangements. The derivative contracts used to protect the portfolio are provided by a third party and there is a risk that the derivative counterparty will fail their contractual obligations. In the event of a default by the derivative counterparty, and depending on the value of the amounts owing, investors may lose a significant portion of their capital.

**ACIF PROSPERITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 14: FINANCIAL RISK MANAGEMENT (continued)

(d) Early Termination Risk

Derivative contracts are transacted in financial markets with standard early termination clauses to protect counterparties. These clauses give the right to terminate the derivative contracts before maturity in certain circumstances. These circumstances include events such as market disruption, changes in law, impossibility and hedging disruption

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

**ACIF PROSPERITY FUND
APVEC UNIT CLASS**

DIRECTORS' DECLARATION

In the opinion of the Directors of Vasco Investment Managers Limited:

- (a) The financial statements and notes of the Unit Class are in accordance with the *Corporations Act 2001*, including
 - (i) Giving a true and fair view of its financial position as at 30 June 2019 and its performance for this financial year ended on that date; and
 - (ii) Complying with Australian Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Unit Class will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Craig Mathew Dunstan

Director

25 July 2019