



**CYAN SIV EMERGING COMPANIES
FUND**

ABN 42 273 027 383

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

CYAN SIV EMERGING COMPANIES FUND

TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2019

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 2019.

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, 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 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.

During the financial year ending 30 June 2017, Cyan Investment Management Pty Ltd was appointed as Investment Manager of the Fund.

The investment strategy 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 2019 was (\$18,053) (2018: \$242,197).

4. Review of Operations

During the period since inception the Fund has issued 1,819,678 units of which 192,276 have been redeemed. The total units on issue as at 30 June 2019 was 1,627,402.

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

Investment	\$
Shares	953,920
Term deposit	200,000
Total	1,153,920

5. Review of Performance

Unit Class	2019	2018	2017	2016
	% p.a	% p.a.	% p.a.	% p.a.
Ordinary units	(23.03%)	14.44	1.38	20.47

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TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2019

6. Unit Redemption Prices

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

	2019	2018
	\$	\$
At 30 June	0.7056	0.9294
High during year	0.9332	1.1048
Low during year	0.7056	0.9294

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 issued on 11 April 2016, distributions are declared and paid on an annual basis as at the end of June. The distribution will be paid in September 2019.

The following distributions are payable for the period to 30 June 2019:

Period	Distribution Payable
30 June 2019	\$0.009774366 per unit

The total distributions declared for the financial year were \$15,907 (2018: \$222,507).

8. Applications Held

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

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.

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TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2019

12. Value of Scheme Assets

The Gross Asset Value of the Fund's assets at the end of the reporting period was \$1,173,939 (2018: \$1,891,969). The Net Asset Value at the end of the reporting period was \$1,153,989 (2018: \$1,652,345).

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 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

Trustee fees of \$25,409 (plus GST) were accrued and paid by the Fund to the Trustee for the period.

The Investment Manager fees are paid by the Trustee from the fees it receives.

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

As at 30 June 2019, the Trustee and its related parties held 1,627,402 (2018: 1,769,228). 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 owns 1,499,962 units.

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TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2019

19. Interests Issued in the Fund

	2019	2018
Opening Unit Balance	1,769,228	1,819,678
Units redeemed	<u>(141,826)</u>	<u>(50,450)</u>
Closing Unit Balance	<u>1,627,402</u>	<u>1,769,228</u>

20. Number of Interests on Issue

As at 30 June 2019, the number of units on issue in the Fund was 1,627,402 (2018: 1,769,228).

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.

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



Craig Mathew Dunstan

Director

Date: 18 September 2019

CYAN SIV EMERGING COMPANIES FUND

**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)	5,749	5,292
Investment income	2 (b)	7,542	296,281
Total revenue and other income		13,291	301,573
Expenses			
Performance fees	3	(571)	16,486
Trustee fees	3	25,409	34,476
Other administration expenses	4	6,506	8,414
Total expenses		31,344	59,376
Net profit attributed to unitholders		(18,053)	242,197
Other comprehensive income			
Fair value profit or (loss) on investments	5	(78,625)	15,401
Total other comprehensive income		(78,625)	15,401
Distributions expense	10 (b)	15,907	222,507
Total comprehensive income for the year attributable to unitholders net of distributions		(112,585)	35,091

The accompanying notes form part of these financial statements

CYAN SIV EMERGING COMPANIES FUND

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

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	6 (a)	12,989	52,845
Term deposit	6 (b)	200,000	200,000
Sundry debtor	6 (c)	628	14,841
Accrued term deposit interest	6 (e)	1,034	956
Accrued investment income	6 (d)	5,368	-
Total current assets		220,019	268,642
Non-current assets			
Investment assets	7	953,920	1,623,327
Total non-current assets		953,920	1,623,327
Total assets		1,173,939	1,891,969
Liabilities			
Fees payable	8	1,822	16,164
Other expenses payable	9	2,221	953
Distribution payable	10 (b)	15,907	222,507
Total liabilities		19,950	239,624
Net assets		1,153,989	1,652,345
Represented by:			
Issued units	10 (a)	1,440,358	1,581,291
Undistributed profit/(loss) attributable to unitholders	10 (b)	(286,369)	71,054
Net assets attributed to unitholders		1,153,989	1,652,345

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 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.

CYAN SIV EMERGING COMPANIES FUND

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

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Bank interest		5,671	4,336
Dividends received		71,530	50,756
Payments to supplier		(43,290)	(42,365)
Tax paid		-	2,190
Distributions paid		(222,507)	(73)
Net cash provided by/(used in) operating activities		<u>(188,596)</u>	<u>269,170</u>
Cash flows from investing activities			
Payment for financial assets at fair value through profit or loss		(116,141)	(389,533)
Proceeds from sale of financial assets at fair value through profit or loss		373,626	367,598
Net cash provided by/ (used in) investing activities		<u>257,485</u>	<u>(21,935)</u>
Cash flows from financing activities			
Redemption of units		(108,746)	(51,035)
Net cash provided by/ (used in) financing activities		<u>(108,746)</u>	<u>(51,035)</u>
Net increase/ (decrease) in cash and cash equivalents		(39,857)	(58,126)
Cash and cash equivalents at the beginning of year		252,845	310,971
Cash and cash equivalents at the end of year	6(a)	<u><u>212,989</u></u>	<u><u>252,845</u></u>

The accompanying notes form part of these financial statements

CYAN SIV EMERGING COMPANIES FUND

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 Cyan SIV Emerging Companies Fund ('the Fund'). 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.

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*. Cyan SIV Emerging Companies Fund 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 18 September 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.

CYAN SIV EMERGING COMPANIES FUND

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.

CYAN SIV EMERGING COMPANIES FUND

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 Cyan SIV Emerging Companies Fund commenced operations in November 2010, 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.

CYAN SIV EMERGING COMPANIES FUND

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	5,749	5,292
	<u>5,749</u>	<u>5,292</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% pa paid monthly on balances greater than \$5,000. From 7 June 2019 the interest rate has been 1.05% 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.

(b) Distribution and investment income

	2019	2018
	\$	\$
Dividends and distribution income	62,057	56,438
Realised capital gains/(losses)	(54,515)	239,843
	<u>7,542</u>	<u>296,281</u>

NOTE 3: TRUSTEE FEES AND PERFORMANCE FEES

	2019	2018
	\$	\$
Trustee fees	25,409	34,476
Performance fees	(571)	16,486
	<u>24,838</u>	<u>50,962</u>

Trustee fees

In accordance with the Information Memorandum, Vasco Investment Managers Limited as the Trustee of the Fund is entitled to a fee calculated at 1.95% pa on the Net Asset Value of the Fund at the end of the month. From this fee the Trustee pays for the services of the Investment Manager.

CYAN SIV EMERGING COMPANIES FUND

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

NOTE 3: TRUSTEE FEES AND PERFORMANCE FEES (continued)

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 4: OTHER ADMINISTRATION EXPENSES

	2019	2018
	\$	\$
GST expense (non-claimable)	1,582	1,293
Withholding tax on dividends received	-	467
Tax return fees	2,500	2,500
Other administration expenses	896	1,122
Brokerage fees	1,528	3,032
	<u>6,506</u>	<u>8,414</u>

NOTE 5: OTHER COMPREHENSIVE INCOME

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

	2019	2018
	\$	\$
Unrealised capital gain/loss	(78,625)	15,401
	<u>(78,625)</u>	<u>15,401</u>

NOTE 6: CASH AND CASH EQUIVALENTS

(a) Cash at bank

	2019	2018
	\$	\$
Macquarie Bank	12,989	52,845
	<u>12,989</u>	<u>52,845</u>

CYAN SIV EMERGING COMPANIES FUND

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

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

(b) Term deposit

	2019	2018
	\$	\$
Term deposit	<u>200,000</u>	<u>200,000</u>
	<u>200,000</u>	<u>200,000</u>

The term deposit was invested for 3 months at an interest rate of 2.45% p.a. with a maturity date being 15 July 2019. The term deposit is held with Macquarie Bank.

(c) Sundry Debtor

This is the overpayment of performance fees to the investment manager. This has been offset against the trustee fee in August 2019.

	2019	2018
	\$	\$
Sundry debtors	<u>628</u>	<u>-</u>
	<u>628</u>	<u>-</u>

(d) Distribution and dividend income

	2019	2018
	\$	\$
Accrued dividends and distributions	<u>5,368</u>	<u>14,841</u>
	<u>5,368</u>	<u>14,841</u>

(e) Accrued interest

	2019	2018
	\$	\$
Interest income	5,749	5,292
Less: Interest received	<u>(4,715)</u>	<u>(4,336)</u>
	<u>1,034</u>	<u>956</u>

CYAN SIV EMERGING COMPANIES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: INVESTMENTS

As at 30 June 2019, the 10 major investments in which the Cyan SIV Emerging Companies Fund held an interest were:

	2019	2018
	\$	\$
Australian Unity Office Fund	102,900	87,500
Aksesstoday Ltd	74,750	132,000
APN Industria REIT	72,250	-
Kelly Partners Group Hol. Ltd	71,200	98,000
Murray River Organics Group Limited	67,150	-
Centuria Metropolitan REIT	61,600	54,560
Forager Australian Shares Fund	57,250	96,000
Villa World Limited	49,725	49,950
Thorney Technologies Ltd	49,123	104,248
Antipodes Global Investment Company Ltd	40,920	51,920
	646,868	674,178

As at 30 June 2019, the total value of the portfolio was \$953,920 (2018: \$1,623,327).

NOTE 8: FEES PAYABLE

	2019	2018
	\$	\$
Trustee fees payable	1,822	2,906
Performance fees payable	-	13,258
	1,822	16,164

NOTE 9: OTHER EXPENSES PAYABLE

	2019	2018
	\$	\$
RITC receivable	(161)	(988)
Provision for tax return fees	2,000	1,500
Other accrued fees	382	441
	2,221	953

NOTE 10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units in \$

	2019	2018
	\$	\$
Opening balance	1,581,291	1,626,010
Redemptions	(140,933)	(44,719)
Closing balance	1,440,358	1,581,291

CYAN SIV EMERGING COMPANIES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

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	71,054	42,280
Net operating profit/(loss) attributable to unitholders	(18,053)	242,197
Redemption premium	32,189	(6,317)
Fair value profit/(loss) on investment	(355,652)	15,401
Distributions payable	(15,907)	(222,507)
Closing balance	(286,369)	71,054

Total distributions payable for the financial year were \$15,907.

(c) Capital management

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions and capital growth over the longer term. The Fund aims to achieve this objective mainly through investing in emerging companies shares in an SIV compliant manner.

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

Fees of \$25,409 (plus GST) were accrued and paid by the Fund to Vasco Investment Managers Limited for its role as Trustee for the period, of which \$1,398 is claimable by the Fund as RITC.

As at 30 June 2019, the Trustee and its related parties held 1,627,402 (2018: 1,769,228). 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 owns 1,499,962 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.

CYAN SIV EMERGING COMPANIES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: RELATED PARTY TRANSACTIONS (continued)

(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: 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 other 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 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

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

- (a) The financial statements and notes of Cyan SIV Emerging Companies Fund 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 Cyan SIV Emerging Companies Fund 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

18 September 2019