CHINA SEAS BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2020

CHINA SEAS BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS
CONTENTS

REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	Chris Hickling Janine Lewis David Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
INVESTMENT ADVISER:	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
AUDITOR:	Saffery Champness GAT LLP PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	51929

REPORT OF THE DIRECTORS
For the year ended 30 September 2020

The Directors present the annual report and the audited financial statements ("the financial statements") of China Seas Basket Limited ("the Company") for the year ended 30 September 2020.

Principal Activity

The principal activity of the Company is that of a limited life investment holding company.

The Company is a Guernsey Registered closed-ended investment company and is subject to the Registered Collective Investment Scheme Rules 2018. The Company is listed on the Bermuda Stock Exchange.

Going concern

Under the terms of the Company's prospectus, following a successful fund raising in July 2020, the life of the Company was extended for a period of approximately 3 years 10 months from 24 July 2020. In the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate in June 2024.

The Board notes that the onset of the Covid-19 pandemic has had a significant disruptive impact on economies and financial markets worldwide, and has undertaken an assessment of the effect that the pandemic may have on the Company's ability to operate as a going concern.

The Board considers that the Covid-19 pandemic will not have a significant impact on the Company's ability to continue as a going concern, for the following reasons:

• The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

• Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

• The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

• Since the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Results and Dividends

The statement of comprehensive income is set out on page 9. The Directors do not propose a dividend for the year (2019: Nil).

Directors

The Directors of the Company during the year and to the date of this report are detailed below.

Chris Hickling

Janine Lewis

David Stephenson

Directors' and Other Interests

Janine Lewis is a Director of the Company and a director of Praxis Fund Services Limited ('PFSL'), the Company's Administrator, Secretary, Custodian and Registrar, David Stephenson is a Director of the Company and an employee of PFSL, and Chris Hickling is a Director of the Company and a director of Praxis Fund Holdings Limited, the immediate parent company of PFSL. Janine Lewis, Chris Hickling and David Stephenson are shareholders in PraxisIFM Group Limited, the ultimate parent company of PFSL.

During the year, no Director has had any beneficial interest in the shares of the Company.

No Director of the Company, or Investec Corporate and Institutional Banking ('ICIB'), the Investment Advisor to the Company, holds any right, either contingent or otherwise, to subscribe for shares in the Company.

Details of fees paid to PFSL and ICIB during the year are contained in notes 5 and 18 to these Financial Statements.

No fees were paid to the Directors by the Company during the year.

Historical Results

The results and assets and liabilities of the Company for the last 5 years are as follows:

	Total Assets	Total Liabilities	Total Comprehensive (Loss)/Income
	AUD	AUD	AUD
Year ended 30 September 2020	82,067,305	(140,032)	(5,355,043)
Year ended 30 September 2019	87,528,435	(82,269)	4,438,260
Year ended 30 September 2018	84,083,260	(99,751)	10,261,786
Year ended 30 September 2017	73,787,752	(66,029)	9,443,359
Year ended 30 September 2016	64,314,619	(36,255)	(7,243,532)

Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost AUD	Carrying Value AUD
Investec Bank Limited Structured Deposit (underlying bonds issued by Standard Bank Group Limited)	90.7%	69,796,046	70,365,772
Goldman Sachs Call Warrants	9.3%	9,826,779	7,254,838
		79,622,825	77,620,610

Investec Bank Limited, Standard Bank Group Limited and Goldman Sachs are providers of financial services.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with The Companies (Guernsey) Law, 2008.

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for the financial year.

Statement of Directors' Responsibilities (continued)
Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable appropriate accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with International Financial Reporting Standards, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Auditor
On 27 November 2020, Saffery Champness GAT LLP merged its business in to Grant Thornton Limited and the Directors have received a proposal from Saffery Champness GAT LLP to novate the existing letter of engagement to Grant Thornton Limited. The Directors will consider the novation of the existing letter of engagement in due course and, should the novation be approved by the Directors, a resolution to appoint Grant Thornton Limited as auditor will be put to the Members at the Annual General Meeting.

By Order of the Board

Janine Lewis
Director
27 January 2021

Opinion

We have audited the financial statements of China Seas Basket Limited (the "Company") for the year ended 30 September 2020, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs").

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Company as at 30 September 2020 and of the loss for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

SAFFERY CHAMPNESS GAT LLP
Chartered Accountants
St Sampson
Guernsey
27 January 2021

CHINA SEAS BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2020

	Notes	30 Sept 2020 AUD	30 Sept 2019 AUD
INCOME			
Interest income	6	**3,285,548**	3,133,871
(LOSS)/GAIN ON INVESTMENTS			
Investments at fair value through profit and loss	7	**(5,648,283)**	1,826,488
Investments at amortised cost	8	**(1,064,787)**	-
Derivatives at fair value through profit and loss	9	**(64,449)**	63,252
		(3,491,971)	5,023,611
Foreign exchange differences		**93,944**	391,981
Operating expenses	10	**(1,051,098)**	(977,332)
(LOSS)/PROFIT FOR THE YEAR		**(4,449,125)**	4,438,260
OTHER COMPREHENSIVE LOSS			
Items reclassifiable to profit or loss			
Foreign exchange translation losses		**(905,918)**	-
TOTAL OTHER COMPREHENSIVE LOSS		**(905,918)**	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(5,355,043)**	4,438,260
Loss per ordinary share			
Basic and diluted (loss)/earnings per ordinary share	11	**(65.31)**	63.43

There are no recognised gains or losses for the year other than those reported above.

The notes on pages 13 to 27 are an integral part of these financial statements.

CHINA SEAS BASKET LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2020

	Notes	**2020** AUD	2019 AUD
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	7	**7,254,838**	22,137,241
Investments at amortised cost	8	**70,365,772**	64,407,405
Derivatives at fair value through profit and loss	9	**-**	41,088
		77,620,610	86,585,734
CURRENT ASSETS			
Trade and other receivables	12	**3,100,017**	434,332
Unpaid share capital	14	**10**	10
Long-term deposits		**-**	382,411
Cash and cash equivalents		**1,346,668**	125,948
		4,446,695	942,701
CURRENT LIABILITIES			
Trade and other payables	13	**(117,925)**	(82,269)
NET CURRENT ASSETS		**4,328,770**	860,432
NON-CURRENT LIABILITIES			
Derivatives at fair value through profit and loss	9	**(22,107)**	-
		81,927,273	87,446,166
CAPITAL AND RESERVES			
Share capital	14	**897**	704
Share premium	15	**79,378,300**	69,048,230
Retained earnings	16	**3,453,994**	18,397,232
Translation reserve	17	**(905,918)**	-
EQUITY SHAREHOLDERS' FUNDS		**81,927,273**	87,446,166
Number of fully paid A Class shares (2019: ordinary shares)		**21,814.634**	69,354.968
Number of fully paid B Class shares		**47,300.660**	N/A
Net Asset Value per A Class share (2019: ordinary share)		**AUD 1,185.37**	AUD 1,260.85
Net Asset Value per B Class share		**USD 848.94**	N/A

The financial statements were approved and authorised for issue by the Board on 27 January 2021 and signed on its behalf by:

Janine Lewis
Director

The notes on pages 13 to 27 are an integral part of these financial statements.

CHINA SEAS BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2020

	Management Shareholders	Ordinary Shareholders				Total
	Share capital AUD	Share capital AUD	Share premium AUD	Retained earnings AUD	Translation reserve AUD	Total AUD
Year ended 30 September 2019						
At 30 September 2018	10	702	69,870,964	14,111,833	-	83,983,509
Profit for the year	-	-	-	4,438,260	-	4,438,260
Transactions with owners						
Redemptions of shares (notes 14, 15, 16)	-	(8)	(822,734)	(152,861)	-	(975,603)
At 30 September 2019	10	694	69,048,230	18,397,232	-	87,446,166
Year ended 30 September 2020						
At 30 September 2019	**10**	**694**	**69,048,230**	**18,397,232**	**-**	**87,446,166**
Loss for the year	**-**	**-**	**-**	**(4,449,125)**	**-**	**(4,449,125)**
Other comprehensive income						
Foreign exchange translation losses (note 17)	**-**	**-**	**-**	**-**	**(905,918)**	**(905,918)**
Transactions with owners						
Redemptions of shares (notes 14, 15, 16)	**-**	**(479)**	**(48,441,803)**	**(10,494,113)**	**-**	**(58,936,395)**
Issue of shares (notes 14,15)	**-**	**672**	**58,780,985**	**-**	**-**	**58,781,657**
Share issue costs (note 15)	**-**	**-**	**(9,112)**	**-**	**-**	**(9,112)**
At 30 September 2020	**10**	**887**	**79,378,300**	**3,453,994**	**(905,918)**	**81,927,273**

There are no recognised gains or losses for the year other than those reported above.

The notes on pages 13 to 27 are an integral part of these financial statements.

CHINA SEAS BASKET LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 September 2020

	Notes	30 Sept 2020 AUD	30 Sept 2019 AUD
Cash flows from operating activities			
Profit for the year		**(4,449,125)**	4,438,260
Less:			
Adjustments for:			
Interest income	6	**(3,285,548)**	(3,133,871)
Interest paid	10	**160**	5,069
Loss/(gain) on investments at fair value through profit and loss	7	**5,648,283**	(1,826,488)
Loss on investments at amortised cost	8	**1,064,787**	-
Foreign exchange differences		**(93,944)**	(394,550)
Loss/(gain) on derivatives at fair value through profit and loss	9	**64,449**	(63,252)
(Increase)/decrease in debtors and prepayments		**(273,823)**	694
Increase/(decrease) in creditors and accruals		**47,841**	(387)
Net cash outflow from operating activities		**(1,276,920)**	(974,525)
Cashflows from investing activities			
Interest income		**390**	11,474
Disposals of investments held at fair value through profit and loss	7	**19,201,007**	233,750
Disposals of investments held at amortised cost	8	**65,984,714**	742,034
Purchase of investments at fair value through profit and loss	7	**(9,826,779)**	-
Purchase of investments at amortised cost	8	**(69,796,046)**	-
Transfer from fixed deposits		**382,411**	129,982
Net cash inflow from investing activities		**5,945,697**	1,117,240
Cashflows from financing activities			
Issues of ordinary share capital	14	**56,389,795**	-
Redemptions of ordinary share capital	14	**(58,936,395)**	(975,603)
Share issue costs	15	**(9,112)**	-
Interest paid		**(12,185)**	-
Net cash outflow from financing activities		**(2,567,897)**	(975,603)
Net increase/(decrease) in cash and cash equivalents for the year		**2,100,880**	(832,888)
Cash and cash equivalents at the beginning of the year		**125,948**	958,836
Foreign exchange translation losses		**(880,160)**	-
Cash and cash equivalents at the end of the year		**1,346,668**	125,948

The notes on pages 13 to 27 are an integral part of these financial statements.

1. GENERAL INFORMATION

China Seas Basket Limited (“the Company”) is a company incorporated and domiciled in Guernsey under The Companies (Guernsey) Law, 2008. The address of the registered office is given on page 3. The principal activity of the Company and its operations are detailed on page 4. These financial statements are presented in Australian Dollars. With effect from 24 July 2020, the functional currency of the Company is US Dollars (2019: Australian Dollars).

2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments measured at fair value.

Going concern

Under the terms of the Company's prospectus, following a successful fund raising in July 2020, the life of the Company was extended for a period of approximately 3 years 10 months from 24 July 2020. In the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate in June 2024.

The Board notes that the onset of the Covid-19 pandemic has had a significant disruptive impact on economies and financial markets worldwide, and has undertaken an assessment of the effect that the pandemic may have on the Company's ability to operate as a going concern.

The Board considers that the Covid-19 pandemic will not have a significant impact on the Company's ability to continue as a going concern, for the following reasons:

- The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

- Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

- The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

- Since the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Adoption of new and revised standards

There were no new standards adopted by the Company during the year that had a material effect on the financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

New, revised and amended standards applicable for future reporting periods
Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Financial assets - classification
Under IFRS 9, the classification and measurement of financial assets is driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristic of those financial assets.

The Company has determined that it has two distinct business models, as follows:

(i) To invest in a structured deposit (the "Structured Deposit"), a hybrid debt instrument comprising a holding of Standard Bank Group Limited bonds, an accreting bank deposit on which the interest on the bonds will be placed, and an interest rate swap to fix the interest rate on the deposit (2019: a holding of Investec Bank plc bonds and put option, accreting bank deposit and interest rate swap). Under IFRS 9, financial assets that are debt instruments may be classified as either (a) amortised cost, (b) fair value through other comprehensive income or (c) fair value through profit and loss. The purpose of the Company's investment in the Structured Deposit is to collect the contractual cashflows of solely payments of principal and interest arising on maturity, which will provide capital protection for investors in the Company, and accordingly, the Company has determined that this investment should be classified as an investment at amortised cost.

(ii) To invest in a holding of Call Warrants (the "Warrants") linked to an index (2019: Option linked to a basket of indices), in order to provide investors with a potential upside on their investment. Under the terms of IFRS 9, the option is automatically classified as an investment at fair value through profit or loss.

Financial assets - recognition and subsequent measurement
Purchased financial assets are recognised on trade date, being the date on which the Company irrevocably commits to purchase the asset.

All investments are measured initially at fair value net of transaction costs, except where the investment will subsequently be measured at fair value through profit or loss. Transaction costs relating to the acquisition of investments at fair value through profit or loss are expensed as incurred in the Statement of Comprehensive Income.

After initial recognition, the Company's Warrants investment, and the interest rate swap forming part of the Structured Deposit, are measured at fair value through profit or loss ("FVPL"). Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the reporting date. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss in the statement of comprehensive income as applicable.

After initial recognition, the Company's Structured Deposit is measured at amortised cost using the effective interest rate method. Interest income from this financial asset is included in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses, including expected credit losses at initial recognition and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, are presented as a separate line item in profit or loss in the statement of comprehensive income.

All gains or losses are recognised in the period in which they arise.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Liquid resources
Liquid resources comprise cash and cash equivalents and long-term deposits. Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as long-term deposits.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Trade and other receivables
Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Financial liabilities
Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method.

Interest income
Interest income on financial assets at amortised cost is calculated using the effective interest rate method and recognised in profit or loss.

Foreign exchange
Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). With effect from 24 July 2020, the Directors have determined that the functional currency of the Company is US Dollars (2019: Australian Dollars), as it is the currency in which the Company's investments are denominated, the majority of the Company's capital has been raised and in which the majority of the Company's expenses are incurred. The Directors have selected Australian Dollars as the presentational currency of the Company.

Foreign currency assets and liabilities are translated into Australian Dollars at the rate of exchange ruling on the reporting date. Foreign currency transactions are translated into the functional currency of US Dollars at the rate of exchange ruling on the date of the transaction and then translated into Australian Dollars for presentation purposes. Foreign exchange gains and losses relating to the functional currency are recognised in the Statement of Comprehensive Income in the period in which they arise. Differences arising on translation from the functional currency to the presentation currency are recognised in other comprehensive income in the period in which they arise and are taken to the translation reserve.

Expenses
Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which were charged against share premium.

Taxation
The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2019: £1,200).

3. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving significant estimates or judgements are:

- Classification of and subsequent measurement basis of financial instruments – see note 2 (Financial assets – classification);
- Determination of the functional currency - see note 2 (Foreign exchange);
- Estimated fair value of financial assets measured at FVPL – see note 7; and
- Impairment of financial assets measured at amortised cost - see notes 8 and 12.

5. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

Administration, Custodian and Secretarial
Under the Administration, Custodian and Secretarial Agreement, the Company has agreed to pay or procure to be paid to the Administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.13% (2019: 0.135%) per annum of the Company's funds for one year from 24 July 2020 and 0.11% of the Company's funds thereafter (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). In addition, the Administrator is entitled to receive interest earned by the Company on the unpaid element of the fees due to the date of termination. See notes 10, 12, 13 and 18 for details of administration fees and interest paid in the year and balances outstanding at the year end.

Investment Advisory Agreement
Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the Investment Advisor, for its services as Investment Advisor, a fee of 0.6% (2019: 0.6%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). In addition the Investment Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees due to the date of termination. The Investment Advisor, Investec Corporate and Institutional Banking, is a part of the same global group of companies as Investec plc, the issuer of the Company's Structured Deposit. See notes 10, 12, 13 and 18 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end.

Distribution Agreement
Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.6% (2019: 0.6%) per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date), or holders of existing issued Ordinary Shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date). See notes 10, 12 and 13 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date.

6. INTEREST INCOME

	2020	2019
	AUD	AUD
Interest on investment at amortised cost	**3,285,158**	3,130,806
Bank interest	**390**	3,065
	3,285,548	3,133,871

The effective interest rate used for calculating the interest on the investment at amortised cost is 4.9753% (2019: 5.0786%).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2020	2019
	AUD	AUD
JP Morgan Index Basket Option		
Balance brought forward	**22,137,241**	20,544,503
Disposal during the year	**(19,201,007)**	(233,750)
(Loss)/gain on disposal	**(2,936,234)**	125,507
Fair value adjustment for the year	**-**	1,700,981
Fair value carried forward	**-**	22,137,241
Goldman Sachs Call Warrants		
Acquisition during the year	**9,826,779**	-
Fair value adjustment for the year	**(2,712,049)**	-
Translation difference	**140,108**	-
Fair value carried forward	**7,254,838**	-

The Warrants are linked to the Euronext CDP Environmental World EW Decrement 5% Index.

The Directors determine the fair value of the Warrants based on a valuation provided by Goldman Sachs. The valuation/price of the Warrants is calculated by Goldman Sachs using a pricing model.

The Warrants have been classified as a level 2 investment in the fair value hierarchy as the valuation is derived from observable inputs other than quoted prices in an active market (see note 19(iv)). The key inputs to the valuation were the notional value of the Warrants (USD 72,364,334 (2019: notional value of the Option USD 36,768,856.23)) and the published bid price of the Warrants of 7.18% as at 30 September 2020 (2019: price of the Option 33.07%). The key input to the published bid price of the Warrants was the closing price as at 30 September 2020 of the Euronext CDP Environmental World EW Decrement 5% Index of USD 1,231.33 (2019: closing prices of the MSCI Taiwan index 404.45), MSCI Singapore Index (358.63), Euro Stoxx 50 index (3,569.45)), Nikkei 225 index (21,755.84)) and Hang Seng Index (26,092.27).

Investec Bank Limited Structured Deposit		
Balance brought forward	**-**	61,624,083
Reclassification to investments at amortised cost	**-**	(61,624,083)
Fair value carried forward	**-**	-

On the adoption of IFRS 9 at the commencement of the prior year, the Company's investment in the Investec Bank Limited Structured Deposit was reclassified as an investment at amortised cost (see note 8).

8. INVESTMENTS AT AMORTISED COST

	2020 AUD	2019 AUD
Investec Bank Limited Structured Deposits		
Balance brought forward	**64,407,405**	-
Reclassification from investments at fair value through profit or loss	**-**	61,624,083
Disposal during the year	**(65,984,714)**	(742,034)
Loss on disposal	**(1,064,787)**	-
Interest	**2,642,096**	3,130,806
Exchange difference	**-**	394,550
Carrying value carried forward	**-**	64,407,405
Acquisition of new structured deposit during the year	**69,796,046**	-
Interest	**643,062**	-
Translation difference	**(73,336)**	-
	70,365,772	64,407,405

The Investec Bank Limited Structured Deposit (the "Structured Deposit") acquired during the year is a hybrid instrument comprising the following components:

- A holding of Standard Bank Group Limited 5.95% bonds maturing in 2029 (the "Standard Bank bonds"). The Standard Bank bonds were purchased in the market and are callable by the issuer at par on 31 May 2024.
- An accreting bank deposit, which commences on the date of the first coupon payment from the Standard Bank bonds, receives all subsequent coupon payments during the life of the Company, and earns interest on a quarterly compounding basis;
- An interest rate swap, which fixes the interest rate on the accreting deposit. Notwithstanding that the Company regards the interest rate swap as a fundamental part of the Structured Deposit, this instrument is classified separately in the Statement of Financial Position under the heading 'Derivatives at fair value through profit and loss', and movements in the fair value thereof are recognised separately in the Statement of Comprehensive Income. For further details please refer to note 9.

The Investec Bank Limited Structured Deposit disposed of during the year was a similar hybrid instrument comprising a holding of Investec plc 9.625% bonds, an accreting bank deposit and an interest rate swap.

The Directors regard the Structured Deposits as single financial instruments, which are measured at amortised cost, using the effective interest rate method, except for the embedded interest rate swap, which is measured at its mark-to-market value, based on valuations provided by the swap issuer, less a provision for unwind costs, estimated by the Investment Advisor.

On the adoption of IFRS 9 at the start of the prior year, the Structured Deposit disposed of during the current year was reclassified from an investment at fair value through profit or loss to an investment at amortised cost (see note 7). No adjustment was required to the brought forward value of the Structured Deposit in the prior year as a result of its reclassification as an investment at amortised cost.

The Structured Deposits are measured at amortised cost using the effective interest rate method. The effective interest used for calculating the interest income is disclosed in note 6.

The calculation of impairment, including expected credit losses, is based on assumptions about risk of default and expected loss rates. The Company uses judgments in making this assumption and selecting the inputs to the impairment calculation based on past history and existing market conditions (see note 19(ii)). The Company has assessed the investment in the Structured Deposit for impairment and expected credit losses at the reporting date and has concluded that as at the year end no impairment or credit losses are expected over the life of the investment (2019: no impairment or credit losses were expected over the life of the investment).

The fair value of the Structured Deposit, calculated by ICIB at 30 September 2020, was AUD 69,023,970 (2019: AUD 64,695,805).

9. DERIVATIVES AT FAIR VALUE THROUGH PROFIT AND LOSS

	2020 AUD	2019 AUD
Balance brought forward	**41,088**	(22,164)
Loss on disposal	**(41,088)**	-
Fair value adjustment for the year	**(23,361)**	63,252
Translation difference	**1,254**	-
Fair value carried forward	**(22,107)**	41,088

Derivatives at fair value through profit and loss comprises an interest rate swap utilised to fix the interest rate on the accreting deposit component of the Structured Deposit (see note 8). The interest rate swap is measured at its mark-to-market value, based on valuations provided by the swap issuer, less a provision for unwind costs, estimated by the Investment Advisor.

The derivatives are classified as level 2 investments in the fair value hierarchy.

10. OPERATING EXPENSES

	2020 AUD	2019 AUD
Investment advisory fee	**442,695**	424,902
Distribution fees	**447,213**	413,380
Administration fee	**110,565**	99,232
Auditor's remuneration	**18,932**	14,027
GFSC licence fee	**6,905**	6,088
Interest payable	**160**	5,069
Listing fee	**8,739**	3,571
Statutory fees	**3,861**	3,035
Sponsorship fee	**5,815**	5,225
Professional indemnity insurance	**2,578**	1,635
Sundry	**3,635**	1,168
	1,051,098	977,332

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following data:

	2020 AUD	2019 AUD
(Loss)/profit attributable to shares:		
(Loss)/profit for purpose of basic and diluted (loss)/earnings per share being the (loss)/profit for the year attributable to shareholders	**(4,449,125)**	4,438,260
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted (loss)/earnings per share	**68,119.659**	69,968.256
Loss per share attributable to A Class shares (2019: Ordinary shares)	**(65.31)**	63.43
Loss per share attributable to B Class shares	**(65.31)**	N/A

11. (LOSS)/EARNINGS PER SHARE (continued)

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings generated per ordinary share through the year. The weighted average has been calculated with reference to the number of days shares have actually been in issue and hence their ability to influence income generated.

12. TRADE AND OTHER RECEIVABLES

	2020 AUD	2019 AUD
Amounts due from investors	**2,391,862**	-
Prepaid investment advisory fee	**410,748**	194,165
Prepaid distributors' fees	**203,156**	189,616
Prepaid administration fee	**88,996**	43,687
Other prepayments	**5,255**	6,864
	3,100,017	434,332

13. TRADE AND OTHER PAYABLES

	2020 AUD	2019 AUD
Current		
Audit fee	**14,612**	14,991
Distributors' fees	**46,780**	-
Listing fee	**1,440**	-
Interest payable	**55,093**	67,278
	117,925	82,269

14. SHARE CAPITAL

Authorised:
Following the adoption of the Company's amended Articles Of Association on 18 March 2020, the Company no longer has any defined authorised share capital.

Issued:	2020 AUD	2019 AUD
10 Management shares of AUD 1.00 unpaid (2019: 10 shares unpaid)	**10**	10
Nil fully paid Ordinary shares of AUD 0.01 each (2019: 69,354.968 shares)	**-**	694
21,814.634 A Class shares of AUD 0.01 each (2019: Nil)	**218**	-
47,300.66 B Class shares of USD 0.01 each (2019: Nil)	**669**	-
	897	704

With effect from 18 March 2020, the Company's Ordinary shares were redesignated as A Class shares, and a new share class of US Dollar-denominated B Class shares was created.

On 7 May 2020, 1,700.942 A Class shares were redeemed at a price of AUD 1,150.012.

In accordance with a resolution approved by Shareholders on 18 March 2020 to authorise the Directors to extend the life of the Company for a further period, the Company sought to raise additional capital through a secondary fund raising, an exercise which was successfully achieved during the year. Accordingly, on 10 July 2020, 46,226.598 A Class shares were redeemed at a price of AUD 1,232.63 per share; and on 17 July 2020, 387.206 A Class shares were issued at a price of AUD 1,232.63 per share, and 47,300.660 B Class shares were issued at a price of US$871.79 (2019: 814.000 Ordinary shares redeemed at a price of AUD 1,198.53 per share).

14. SHARE CAPITAL (continued)

A Class and B Class shares are entitled to 1 vote each at a general meeting of the Company. Under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 20 May 2020, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate on 5 June 2024. A Class and B Class shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 14) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

15. SHARE PREMIUM

2020	**Ordinary AUD**	**A Class AUD**	**B Class AUD**	**Total AUD**
Balance brought forward	**69,048,230**	**-**	**-**	**69,048,230**
Ordinary shares converted to A Class shares	**(69,048,230)**	**69,048,230**	**-**	**-**
Shares issued during the year	**-**	**477,282**	**58,303,703**	**58,780,984**
Shares redeemed during the year	**-**	**(48,441,803)**	**-**	**(48,441,803)**
Capitalised launch costs	**-**	**(2,420)**	**(6,692)**	**(9,112)**
	-	**21,081,289**	**58,297,011**	**79,378,300**

2019	Ordinary AUD	Total AUD
Balance brought forward	69,870,964	69,870,964
Shares redeemed during the year	(822,734)	(822,734)
Balance carried forward	69,048,230	69,048,230

16. RETAINED EARNINGS

Movements in retained earnings are attributable to A Class and B Class shareholders as follows:

2020	**Ordinary AUD**	**A Class AUD**	**B Class AUD**	**Total AUD**
Balance brought forward	**18,397,232**	**-**	**-**	**18,397,232**
Net profit for the year	**(2,097,666)**	**(742,183)**	**(1,609,276)**	**(4,449,125)**
Ordinary shares converted to A Class shares	**(16,299,566)**	**16,299,566**	**-**	**-**
Shares redeemed during the year	**-**	**(10,494,113)**	**-**	**(10,494,113)**
Balance carried forward	**-**	**5,063,270**	**(1,609,276)**	**3,453,994**

2019	Ordinary AUD	Total AUD
Balance brought forward	14,111,833	14,111,833
Net profit for the year	4,438,260	4,438,260
Shares redeemed during the year	(152,861)	(152,861)
Balance carried forward	18,397,232	18,397,232

17. TRANSLATION RESERVE

Movements in the translation reserve are attributable to A Class and B Class shareholders as follows:

2020	A Class	B Class	Total
	AUD	AUD	AUD
Foreign exchange translation losses	(285,932)	(619,986)	(905,918)
Balance carried forward	(285,932)	(619,986)	(905,918)

During the year ended 30 September 2019, the Company's functional currency was the same as its presentation currency, as a result of which there was no balance or movement in the translation reserve.

18. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is PraxisIFM Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company. There is no ultimate controlling party of the Company.

The ultimate controlling party of PraxisIFM Trust Limited is PraxisIFM Group Limited ('PGL'). PGL is also the ultimate controlling party of Praxis Fund Services Limited ('PFSL'), the administrator of the Company. PFSL is deemed to be a related party, as Janine Lewis (a Director of the Company) is a director of PFSL and a shareholder in PGL; Chris Hickling (a Director of the Company) is a director of Praxis Fund Holdings Limited, teh immediate parent of PFSL and a shareholder in PGL; and David Stephenson (a Director of the Company) is an employee of PFSL and a shareholder in PGL. During the year PFSL earned AUD 110,565 (2019: AUD 99,232) for their services as administrator. At the year end date administration fees of AUD 88,996 had been paid to PFSL in advance (2019: AUD 43,687) and interest on outstanding fees of AUD Nil was payable to PFS (2019: AUD 12,310).

The Investment Adviser, Investec Corporate and Institutional Banking, a division of Investec Bank Limited, the issuer of the Company's Structured Deposit, is deemed to be a related party. During the year Investec Corporate and Institutional Banking earned AUD 442,695 (2019: AUD 424,902) for their services as investment advisor. At the year end date advisory fees of AUD 410,748 (2019: AUD 194,165) had been paid to Investec Corporate and Institutional Banking in advance and interest on outstanding fees of AUD 55,093 (2019: AUD 54,968) was payable to Investec Corporate and Institutional Banking.

19. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a debt instrument and a holding of an option or warrants on a specified index or basket of indices; and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below. There have been no changes to the Company's exposure to market risk, credit risk and liquidity risk; or its objectives, policies and procedures for managing such risks, since the prior year.

(i) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. As at 30 September 2020 the Company was exposed to foreign exchange risk in relation to the following assets and liabilities:

19. FINANCIAL INSTRUMENT RISK FACTORS

(i) Market risk (continued)

(a) Currency risk (continued)

	Source currency	2020 AUD	2019 AUD
Investments at amortised cost	Pound Sterling	**-**	64,407,405
Investments at fair value through profit or loss	Pound Sterling	**-**	22,137,241
Derivatives at fair value through profit or loss	Pound Sterling	**-**	41,088
Cash and cash equivalents	Pound Sterling	**280,480**	112,796
Cash and cash equivalents	Australian Dollars	**53,165**	N/A
Trade and other payables	Pound Sterling	**(14,612)**	(14,019)
Trade and other payables	Australian Dollars	**(55,093)**	N/A
		263,940	86,684,511

At 30 September 2020, the foreign currency exposure of the Company against the measurement currency of US Dollars (2019: against the measurement currency of Australian Dollars), principally to Sterling, represented 0.3% of Equity Shareholder's Funds (2019: 99.1%). The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the exchange rate of the US Dollar against Pound Sterling and the Australian Dollar (2019: Australian Dollar against Pound Sterling) at the year end date had been 10% higher/lower (2019: 10% higher/lower), this would have resulted in an increase/decrease in the year end net asset value of AUD 26,394 (2019: AUD 8,668,451). The sensitivity rate of 10% is regarded as reasonable as this is the approximate volatility of Sterling and Australian Dollars against the US Dollar during the year.

The Company has no other material currency exposures at either 30 September 2020 or 30 September 2019.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents, long-term fixed deposits and interest payable on outstanding future fees. At 30 September 2020, the Company held cash on call accounts of AUD 1,346,668 (2019: AUD 125,948), which earned interest at a weighted average rate of 0% (2019: 0%). At 30 September 2019, the company held AUD 382,308 on a long-term deposit, which earned interest at a rate of 0.33%. At 30 September 2020, the Company had outstanding future fees on which interest is payable of AUD 1,226,139 (2019: AUD 165,157), on which interest at a rate of 0% (2019: 0.33%) is payable.

Had these balances existed for the whole of the year, and all other factors remained the same, the effect on the Profit and Loss account of an increase/decrease in interest rates of 0.25% (2019: 0.5%) per annum would have been an increase of AUD 301/decrease of AUD Nil in post-tax profit for the year (2019: increase of AUD 1,716/decrease of AUD 717). The sensitivity rate of 0.25% is regarded as reasonable in relation to the current US Dollar base rate of 0.25% as interest rates on US Dollar bank accounts (US Dollar being the principal currency in which the Company's cash is held) are not currently volatile and increases or decreases applied by the Federal Reserve to the US Dollar base rate are usually applied in increments of 0.25%.

The Company had no other material interest rate exposures at 30 September 2020 or at 30 September 2019. The Company's Structured Deposit is interest-bearing, however it earns interest at a fixed rate and is therefore not subject to interest rate risk.

19. FINANCIAL INSTRUMENT RISK FACTORS

(i) Market risk (continued)

(c) Price risk

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company's investments at fair value through profit or loss are directly affected by changes in market prices.

Price risk is managed at inception by investing in a combination of financial instruments: a structured deposit, that should provide capital protection for investors; and a holding of warrants on an index or basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Company. In order to provide capital protection, the amount of the Structured Deposit acquired is calculated with the intention that the maturing amount of the Structured Deposit will be sufficient to guarantee that all investors who remain in the Company to maturity will at minimum get back the amount that they invested. The Warrants provide the potential for significant upside performance, should the relevant index or indices perform well, with the downside limited to loss of the initial Warrants premium.

The investment premise of the Fund involves participation in the potential upside afforded by the Warrants (2019: Option), whilst enjoying the capital protection afforded by the Structured Deposit. Therefore, whilst the Board monitors the performance of the Warrants (2019: Option) and Structured Deposit, it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Fund in the selection of investments, and is not an active ongoing process during the remainder of the life of the Fund.

The investments at fair value through profit or loss expose the Company to price risk. The details are as follows:

	2020 AUD	2019 AUD
Interest rate swap (embedded in the Structured Deposit)	**(22,107)**	41,088
JP Morgan Index Basket Option	**-**	22,137,241
Goldman Sachs Warrants	**7,254,838**	-
	7,232,731	22,178,329

As at 30 September 2020 a 50 per cent increase/decrease in the value of the Warrants (2019: Option) would increase/decrease the Net Asset Value of the Company by AUD 3,616,366 (2019: AUD 11,198,668). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of European stock markets, to which the Warrants (2019: Option, exposure further magnified by a participation rate of 200%) are linked.

(ii) Credit risk

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, long-term deposits, trade and other receivables and investments at fair value through profit or loss. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments.

19. FINANCIAL INSTRUMENT RISK FACTORS (CONTINUED)

(ii) Credit risk (continued)

The Company states in its Prospectus that it will invest in a Structured Deposit instrument provided by Investec Bank Limited ('IBL') and an option-type investment linked to a specified index, and provides extensive disclosure to shareholders of those instruments and the risks attached thereto. As a result of this, the Company's policy for managing the credit risk attached to the Company's financial assets is to monitor the credit rating of the relevant counterparty for any significant deterioration, without reference to an absolute range of credit ratings. In the event of there being any significant deterioration in the perceived creditworthiness of the counterparty to a point where shareholders' interest may be at risk, the Directors in their absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. At initial recognition of the Structured Deposit and the Warrants, the Directors considered the credit risk attached to these instruments to be low, and this remains their view. The Directors would only seek to sell the relevant securities or transfer cash if they (in consultation with the Investment Adviser) consider that such would be in the best interests of the Company and its shareholders.

In accordance with this policy, the Board and the investment advisor have noted that the Fitch long-term credit rating of IBL as at 30 September 2020 was BB+ (30 September 2019: BB+), and also note Fitch's comment that IBL's rating is constrained by the sovereign rating of South Africa of BB+. As a result, the Directors and the Investment Adviser believe that it is not in the best interest of shareholders to attempt to unwind the Structured Deposit prior to its maturity date on 3 June 2024, as they believe firstly that there has been no significant deterioration in the creditworthiness of IBL, and secondly that obtaining an alternative investment with an institution with a higher credit rating could only be achieved on less favourable terms than those offered by the Structured Deposit, which could affect the Company's ability to offer capital protection to shareholders on their investment.

The Company monitors the creditworthiness of its counterparties on an ongoing basis and considers a financial asset to be in default when the counterparty fails to make contractual payments within 60 days of when they fall due. No instances of default or significant changes to the Company's credit risk or expected loss rates have been identified in the last 12 months.

The majority of the Company's trade and other receivables consists of prepayments and there is no credit risk associated with these balances.

The bonds which underlie the Structured Deposit are held with Standard Bank Group Limited, which has a Fitch long-term rating of BB- (2019: Investec Bank plc, with a Fitch long-term rating of BBB+).The investments at fair value through profit and loss are held with Goldman Sachs and IBL, which have Fitch long-term ratings of A+ and BB- (2019: JP Morgan and IBL, with Fitch long-term ratings of AA- and BB+) respectively. The cash and cash equivalents are held with Investec Bank plc, which has a Fitch long term rating of BBB+ (2019: BBB+).

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient cash and cash equivalents are held to meet the Company's short-term obligations. At 30 September 2020 the Company held cash and cash equivalents of AUD 1,346,668 (2019: AUD 125,948 cash on call and AUD 382,308 on a one week fixed deposit), which is considered by the Board as sufficient to meet all of the Company's short-term obligations.

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

The following table analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2020	**Less than 6 months AUD**	**6-12 months AUD**	**1 - 5 years AUD**
Trade and other payables	**117,925**	**-**	**-**
Net exposure	**117,925**	**-**	**-**

2019	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
Trade and other payables	82,269	-	-
Net exposure	82,269	-	-

(iv) Fair value hierarchy

The following tables analyse instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2020	**Level 1 AUD**	**Level 2 AUD**	**Level 3 AUD**	**Total AUD**
Investments at fair value through profit or loss	**-**	**7,232,731**	**-**	**7,232,731**
Derivative at fair value through profit or loss	**-**	**(22,107)**	**-**	**(22,107)**
	-	**7,210,624**	**-**	**7,210,624**

2019	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit or loss	-	22,137,241	-	22,137,241
Derivative at fair value through profit or loss	-	41,088	-	41,088
	-	22,178,329	-	22,178,329

There have been no transfers between levels of the fair value hierarchy during the year.

20. CAPITAL RISK MANAGEMENT

The Company's capital comprises the funds it has raised through the issue of share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Board has also considered the impact of the Covid-19 pandemic subsequent to the year end, and does not believe that this will have a significant impact on the Company's capital or its ability to continue as a going concern. The Company has no external borrowings.

Shareholders may be able to redeem their Shares prior to the Redemption Date, however such redemptions are wholly at the discretion of the Directors, and any request for redemption may be refused in whole or in part. No early redemptions will be permitted unless the Directors are satisfied that they have complied with all applicable law, including satisfaction of the solvency test as required by the Companies (Guernsey) Law, 2008. There have been no changes to the Company's objectives or policies and procedures for managing capital since the previous year end.

21. POST BALANCE SHEET EVENTS

The impact of the Covid-19 pandemic subsequent to the year end on the Company's ability to continue as a going concern and on its investments has been assessed in notes 2 and 20.

There were no other significant post balance sheet events requiring disclosure in these financial statements.