EAST ASIAN GROWTH BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2017

EAST ASIAN GROWTH BASKET LIMITED

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EAST ASIAN GROWTH BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	C Hickling J Lewis D Stephenson
ADMINISTRATOR, SECRETARY, CUSTODIAN 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 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:	44743

EAST ASIAN GROWTH BASKET LIMITED

REPORT OF THE DIRECTORS
For the year ended 30 September 2017

The Board of Directors presents its report and the audited financial statements ("the financial statements") for the year ended 30 September 2017.

Principal Activity

The principal activity of the Company is investment holding.

The Company is a Guernsey authorised closed-ended investment scheme and is subject to the Authorised Closed-Ended Investment Scheme Rules 2008.

Going Concern

At an Extraordinary General Meeting of the Company held on 28 November 2016, shareholders approved a special resolution to extend the life of the Company for a further period of between 5 and 10 years from the Company's current termination date of 20 June 2017, and authorised the Directors to seek to raise additional capital through a secondary fund raising. This fund raising closed on 27 June 2017 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 28 November 2016, 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 between July 2022 and July 2027.

As a result of the extension of the life of the Company, 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 7. The Directors do not propose a dividend for the year (2015: 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 Praxis Fund Services Limited ('PFSL'), the Company's Administrator, Secretary, Custodian and Registrar, and David Stephenson is an employee 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 had any beneficial interest in the shares of the Company.

No Director of the Company, nor 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 4 and 8 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 Income/(Loss)
Year ended 30 September 2017	AUD 142,798,183	AUD 17,596	AUD 163,205
Year ended 30 September 2016	AUD 26,061,887	AUD 65,874	AUD 1,493,655
Year ended 30 September 2015	AUD 24,569,694	AUD 67,336	AUD (235,015)
Year ended 30 September 2014 (restated)	AUD 24,797,335	AUD 59,962	AUD 1,575,433
Year ended 30 September 2013	AUD 23,208,482	AUD 46,542	AUD 1,830,252
Year ended 30 September 2012	US$ 21,369,641	US$ 18,164	US$ (1,334,573)

Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost AUD	Market Value AUD
Investec Bank Limited Unsecured Subordinated Callable Notes	83.7%	112,483,695	111,099,646
US Dollar call option with Goldman Sachs	16.3%	21,046,264	21,645,295
		133,529,959	132,744,941

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

Statement of Directors' Responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report, which complies with the requirements of The Companies (Guernsey) Law, 2008.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with The Companies (Guernsey) Law, 2008. The Directors have chosen to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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

Statement of Directors' Responsibilities (continued)

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;
- 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

A resolution to re-appoint Saffery Champness as auditor will be put to the members at the Annual General Meeting.

By Order of the Board

Janine Lewis
Director
27 March 2018

Independent auditor's report to the members

Opinion

We have audited the financial statements of East Asian Growth Basket Limited (the "Company") for the year ended 30 September 2017, 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 2017 and of the profit 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.

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.

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), 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 not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

SAFFERY CHAMPNESS GAT
Chartered Accountants
Guernsey
27 March 2018

EAST ASIAN GROWTH BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2017

	Notes	2017 AUD	2016 AUD
REVENUE			
Interest income	5	**2,839,066**	1,450,955
GAINS ON INVESTMENTS			
Net gains on investments at fair value through profit and loss	6	**991,001**	853,351
		3,830,067	2,304,306
Operating expenses	8	**(791,358)**	(334,697)
Foreign exchange losses		**(2,265,195)**	-
PROFIT FOR THE YEAR		**773,514**	1,969,609
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Revaluation of available-for-sale investments	7	**-**	(475,954)
Reclassification of prior year revaluation gains on disposal of available-for-sale investments	7	**(610,309)**	-
Total other comprehensive loss for the year		**(610,309)**	(475,954)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**163,205**	1,493,655
Earnings per share			
Basic and diluted earnings per ordinary share	9	**18.30**	94.14

There are no recognised gains and losses other than those reported above.

The notes on pages 13 to 25 are an integral part of these financial statements.

EAST ASIAN GROWTH BASKET LIMITED

STATEMENT OF FINANCIAL POSITION
At 30 September 2017

	Notes	30 September 2017 AUD	30 September 2016 AUD
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	6	**132,744,941**	-
		132,744,941	-
CURRENT ASSETS			
Investments at fair value through profit and loss	6	**-**	5,737,753
Available-for-sale investments	7	**-**	19,945,286
Trade and other receivables	10	**3,235,293**	110,215
Fixed deposits		**6,420,096**	-
Cash and cash equivalents		**397,853**	268,633
		10,053,242	26,061,887
CURRENT LIABILITIES			
Trade and other payables	11	**(17,596)**	(65,874)
NET CURRENT ASSETS		**10,035,646**	25,996,013
NET ASSETS		**142,780,587**	25,996,013
CAPITAL AND RESERVES			
Share capital	12	**1,322**	298
Share premium	13	**144,176,685**	27,366,190
Revaluation reserve		**-**	610,309
Retained earnings		**(1,397,420)**	877,330
Translation reserve		**-**	(2,858,114)
EQUITY SHAREHOLDERS' FUNDS		**142,780,587**	25,996,013
Number of fully paid Ordinary shares		**N/A**	20,922.691
Number of fully paid Class A AUD shares		**14,656.581**	N/A
Number of fully paid Class B USD shares		**88,310.631**	N/A
Net Asset Value per Ordinary share		**N/A**	AUD 1,242.48
Net Asset Value per Class A AUD share		**AUD 1,386.66**	N/A
Net Asset Value per Class B USD share		**USD 1,086.08**	N/A

The financial statements were approved by the Board and authorised for issue on 27 March 2018 and signed on its behalf by:

Janine Lewis
Director

There are no recognised gains and losses other than those reported above.

The notes on pages 13 to 25 are an integral part of these financial statements.

EAST ASIAN GROWTH BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2017

	Management Shareholders	Ordinary Shareholders					Total
	Share Capital AUD	Share Capital AUD	Share Premium AUD	Revaluation reserve AUD	Retained earnings AUD	Translation reserve AUD	AUD
At 30 September 2015	13	285	27,366,190	1,086,263	(1,092,279)	(2,858,114)	24,502,358
Year ended 30 September 2016							
Net profit for the year	-	-	-	-	1,969,609	-	1,969,609
Revaluation of available-for-sale investments (see note 7)	-	-	-	(475,954)	-	-	(475,954)
At 30 September 2016	13	285	27,366,190	610,309	877,330	(2,858,114)	25,996,013
Year ended 30 September 2017							
Redemption of shares (see notes 12, 13)	**-**	**(69)**	**(6,721,346)**	**-**	**(3,048,264)**	**-**	**(9,769,679)**
Issue of shares (see notes 12, 13)	**-**	**1,172**	**126,399,968**	**-**	**-**	**-**	**126,401,140**
Launch costs (see note 13)	**-**	**-**	**(10,092)**	**-**	**-**	**-**	**(10,092)**
Net profit for the year	**-**	**-**	**-**	**-**	**773,514**	**-**	**773,514**
Reclassification of prior year revaluation gains on disposal of available-for-sale investments (see note 7)	**-**	**-**	**-**	**(610,309)**	**-**	**-**	**(610,309)**
Reclassification of prior year translation differences on reclassification of share capital	**(3)**	**(76)**	**(2,858,035)**	**-**	**-**	**2,858,114**	**-**
At 30 September 2017	**10**	**1,312**	**144,176,685**	**-**	**(1,397,420)**	**-**	**142,780,587**

There are no recognised gains and losses other than those reported above.

The notes on pages 13 to 25 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 September 2017

	Notes	2017 AUD	2016 AUD
Profit for the year		**773,514**	1,969,609
Adjustments for:			
Interest income		**(2,839,066)**	(1,450,955)
Gain on investments at fair value through profit and loss	6	**(991,001)**	(853,351)
Increase in trade and other receivables		**(1,407,987)**	(553)
Decrease in trade and other payables		**(48,278)**	(1,462)
Net cash outflow from operating activities		**(4,512,818)**	(336,712)
Cash flows from investing activities			
Bank interest		**195**	2,620
Disposals of investments held at fair value through profit and loss	6	**9,224,620**	-
Disposals of available-for-sale investments	7	**20,463,000**	-
Purchase of investments held at fair value through profit and loss	6	**(133,529,959)**	-
Transfer from fixed deposits		**(6,420,096)**	-
Net cash (outflow)/inflow from investing activities		**(110,262,240)**	2,620
Cash flows from financing activities			
Receipts from issue of shares	12,13	**124,684,049**	-
Payments for redemptions of shares	12,13	**(9,769,679)**	-
Capitalised launch costs	13	**(10,092)**	-
Net cash inflow from financing activities		**114,904,278**	-
Increase/(decrease) in cash and cash equivalents for the year		**129,220**	(334,092)
Cash and cash equivalents at the beginning of the year		**268,633**	602,725
Cash and cash equivalents at the end of the year		**397,853**	268,633

There are no recognised gains and losses other than those reported above.

The notes on pages 13 to 25 are an integral part of these financial statements.

1. 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 East Asian Growth Basket Limited, with domicile in Guernsey, 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").

Going concern
At an Extraordinary General Meeting of the Company held on 28 November 2016, shareholders approved a special resolution to extend the life of the Company for a further period of between 5 and 10 years from the Company's current termination date of 20 June 2017, and authorised the Directors to seek to raise additional capital through a secondary fund raising. This fund raising closed on 27 June 2017 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the previous prospectus with effect from 28 November 2016, and in the absence of a special resolution to further extend the life of the Company, the Company will now terminate between July 2022 and July 2027.

As a result of the extension of the life of the Company, 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
The following amended standard became effective and was applied during the year:

- IAS 1 (amended), "Presentation of Financial Statements" (amendments arising as a result of the disclosure initiative, effective for periods commencing on or after 1 January 2016).

The adoption of this amended standard has had no material impact on the financial statements of the Company.

New, revised and amended standards and interpretations not yet adopted
At the date of authorisation of these financial statements, the following relevant standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2018);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2018).

In addition, the IASB completed its Annual Improvements 2014-2016 Cycle project in December 2016. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2017 or 1 January 2018.

The Directors believe that none of these standards and interpretations will have a material effect on the financial statements of the Company, however IFRS 9 may require additional disclosure in future financial statements.

Revenue recognition
Revenue includes bank interest, bond interest and other income and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Bond interest is calculated on an effective interest rate basis. Other revenues are accounted for on an accruals basis.

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 have been charged against share premium.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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"). Prior to the Company's capital raising on 27 June 2017, the functional currency of the Company was determined to be Australian Dollars. However, subsequent to the capital raising, the Directors have determined that the functional currency of the Company is US Dollars, as it is the currency in which the majority of the Company's capital was raised and in which the Company's investments are now denominated. The Directors have selected Australian Dollars as the presentational currency of the Company.

Foreign currency assets and liabilities are translated into Australian Dollars ('AUD') at the rate of exchange ruling on the year end date. Foreign currency transactions are translated into AUD at the rate of exchange ruling on the date of the transaction. Foreign exchange gains and losses are included in the Statement of Comprehensive Income in the period in which they arise.

Investments
The Company's option investments are designated as investments at fair value through profit or loss.

The Company's investment in Investec Bank Limited Notes has been designated at inception as an investment at fair value through profit and loss.

The Company's Zero Coupon Bond investment, which was disposed of during the year, was classified as an available-for-sale investment.

All investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. 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.

After initial recognition, the Company uses the following measurement bases for its investments:

i) Held-for-trading investments and those so designated at inception: Fair value through profit and loss;
ii) Available-for-sale investments: Fair value through equity.

Fair value is the price at which an orderly transaction to sell the investment would take place between market participants at the measurement date, in the principal or most advantageous market for the asset. It may be calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the year end date. Gains arising on the disposal of investments are recognised in the Statement of Comprehensive Income, as are unrealised gains on investments at fair value through profit and loss. Unrealised gains on available-for-sale investments, after adjusting for interest accruals, are recognised in Other Comprehensive Income. All gains or losses are recognised in the period in which they arise. Prior year revaluation gains on available-for-sale investments disposed of during the year are reclassified to profit or loss in the period in which the investments are disposed of.

Liquid resources
Liquid resources comprise cash and cash equivalents and fixed 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 fixed deposits.

Trade and other receivables
Trade receivables are stated at amortised cost less any impairment. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other receivables and their fair value.

Trade and other payables
Trade payables are stated at amortised cost. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other payables and their fair value.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 (2016: £1,200).

Reserves
Gains or losses arising on the revaluation of the Company's available-for-sale investments are taken to the revaluation reserve. Historical losses arising on the redenomination of the Company's reporting currency from US Dollar to Australian Dollar have been taken to the translation reserve.

2. 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.

3. 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.

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 Directors have determined that the Company's investment in Investec Bank Limited Unsecured Subordinated Callable Notes and its Index Option investment should be classified as investments at fair value through profit or loss. The methodologies for establishing the fair value of the Company's investments are detailed in note 6.

Following the Company's capital raising on 27 June 2017, the Directors have determined that the functional currency of the Company has changed from Australian Dollars to US Dollars (see note 1).

4. SIGNIFICANT AGREEMENTS

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

Administration, Custodian and Secretarial Agreement
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 0.15% (2016: 0.15%) per annum of the Company's funds for the period to 29 June 2018 and 0.135% per annum 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. See notes 8, 10, and 11 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 advisor, for its services as advisor, a fee of 0.65% (2016: 0.6%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of 0.5% of the value of the redemption) with effect from 29 June 2017 (previously 0.6%). In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 8, 10 and 11 for details of investment advisory fees and interest recognised in the year and balances outstanding at the year end.

4. SIGNIFICANT AGREEMENTS (continued)

Distribution Agreement

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the distributors a fee of 0.65% (2016: 0.7%) 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), with effect from 29 June 2017 (previously 0.7%). See notes 8, 10 and 11 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 and has received distribution fees during the year.

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 (the date of compulsory redemption of the Ordinary shares).

5. INTEREST INCOME

	2017 AUD	2016 AUD
Interest on investments at fair value through profit or loss	**1,710,848**	-
Interest on available-for-sale investments	**1,128,023**	1,448,335
Bank interest	**195**	2,620
	2,839,066	1,450,955

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2017 AUD	2016 AUD
BNP Paribas Index Basket Option		
Fair value brought forward	**5,737,753**	4,884,402
Disposal during the year	**(9,224,620)**	-
Gains on disposals and fair value adjustment for the year	**3,486,867**	853,351
Fair value carried forward	**-**	5,737,753
Goldman Sachs Call Option		
Acquisitions during the year	**21,046,264**	-
Fair value adjustment for the year	**599,031**	-
Fair value carried forward	**21,645,295**	-
Investec Bank Limited Unsecured Subordinated Callable Notes		
Acquisitions during the year	**112,483,695**	-
Interest for the year	**1,710,848**	-
Fair value adjustment for the year	**(3,094,897)**	-
Fair value carried forward	**111,099,646**	-
Total	**132,744,941**	**5,737,753**

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (continued)

During the year the Company disposed of a Call Option with BNP Paribas referenced to a weighted basket of indices as follows:

• Hang Seng China Enterprises Index	20%
• Hang Seng Index	25%
• Korea KOSPI 200 Index	15%
• Taiwan Capitalisation Weighted Stock Index	25%
• Nikkei 225 Index	15%

The Company subsequently purchased a Call Option with Goldman Sachs referenced to the Euro Stoxx 50 Index.

The Directors determine the fair value of the Option based on valuations provided by Goldman Sachs. These valuations are calculated using a formula specified in the Option contract, which is based on the movements in the closing prices of the above Indices from the issue date of the Option to the reporting date.

The Option has been classified as a Level 2 investment in the fair value hierarchy (see note 15 (iv)).

The Directors determine the fair value of the Investec Bank Limited Notes based on valuations provided by Investec Bank Limited. These valuations are calculated on a discounted cash flow basis, taking into account credit risk and prevailing interest rates at the date of valuation.

The Notes have been classified as Level 2 investments in the fair value hierarchy (see note 15 (iv)).

7. AVAILABLE-FOR-SALE INVESTMENTS

	2017 AUD	2016 AUD
Barclays plc Zero Coupon Bonds		
Fair value brought forward	**19,945,286**	18,972,905
Disposal during the year	**(20,463,000)**	-
Reclassification of prior year revaluation gains on disposal during the year	**(610,309)**	-
Interest for the year	**1,128,023**	1,448,335
Fair value adjustment for the year	-	(475,954)
Fair value carried forward	-	19,945,286

The Directors determined the fair value of the Zero Coupon Bonds based on valuations provided by Investec Bank Limited. These valuations were calculated on a discounted cash flow basis, taking into account prevailing interest rates at the date of valuation.

The Bonds were classified as a level 2 investment in the fair value hierarchy.

8. OPERATING EXPENSES

	2017 AUD	2016 AUD
Auditor's remuneration	**14,918**	15,330
Administration fee	**91,679**	32,116
Distribution fees	**338,262**	141,312
Investment advisory fee	**323,835**	122,776
Licence fee	**5,971**	6,708
Listing fee	**3,374**	3,633
Sponsorship fee	**5,563**	4,916
Statutory fees	**3,061**	3,510
Interest payable	**-**	1,212
Professional indemnity insurance	**1,244**	1,413
Sundry expenses	**3,451**	1,771
	791,358	334,697

9. EARNINGS PER SHARE

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

	2017 AUD	2016 AUD
Profit attributable to Ordinary shares:		
Profit for the purpose of basic and diluted earnings per share being profit for the year attributable to ordinary shareholders	**773,514**	1,969,609
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**42,277**	20,923
Earnings per ordinary share	**18.30**	94.14

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings generated per 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.

10. TRADE AND OTHER RECEIVABLES

	2017 AUD	2016 AUD
Amounts due from shareholders	**1,717,091**	-
Prepaid administration fee	**161,661**	11,184
Prepaid distributor fees	**664,636**	51,126
Prepaid investment advisory fee	**688,389**	44,738
Other prepayments	**3,516**	3,167
	3,235,293	110,215

The amounts due from shareholders represents the total of five share issues for which additional due diligence information was required as at the reporting date. All such due diligence was provided subsequent to the reporting date and the amounts due were settled.

11. TRADE AND OTHER PAYABLES

	2017 AUD	2016 AUD
Current		
Audit fee	**12,830**	12,692
Sponsorship fee	**-**	503
Distributor fees	**4,766**	-
Interest payable	**-**	52,679
	17,596	65,874

12. SHARE CAPITAL

Following the adoption of the Company's amended Articles of Incorporation, approved by special resolution on 28 December 2016, the Company no longer has a specified amount of authorised capital.

Issued and fully paid:	2017 AUD	2016 AUD
10 Management shares of AUD 1.00 each (2016: USD 1.00 each)	**10**	13
Nil Ordinary shares of USD 0.01 each (2016: 20,922.691)	**-**	285
14,656.581 Ordinary Class A AUD shares of AUD 0.01 each (2016: Nil)	**157**	-
88,310.631 Ordinary Class B USD shares of USD 0.01 each (2016: Nil)	**1,155**	-
	1,322	298

Subsequent to an Extraordinary General Meeting of the Company held on 28 November 2016, at which shareholders approved a special resolution to extend the life of the Company for a further period of between 5 and 10 years from the Company's then termination date of 20 June 2017, the Directors were authorised to seek to raise additional capital through a secondary fund raising.

Accordingly, during the year a total of 6,872.505 Ordinary shares were redeemed at a price of AUD 1,421.56 per share; 14,050.186 Ordinary shares were reclassified as Ordinary Class A AUD shares; 606.395 Ordinary Class A AUD shares were issued at a price of AUD 1,421.56 per share; and 88,310.631 Ordinary Class B USD shares were issued at a price of US$1,076.83 per share.

Ordinary Class A and Class B 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 28 November 2016, 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 between July 2022 and July 2027.

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. On adoption of the Company's amended Articles of Incorporation, approved by special resolution on 28 December 2016, the Company's management share capital was redenominated from shares of USD 1.00 to shares of AUD 1.00.

13. SHARE PREMIUM

	2017 AUD	2016 AUD
Balance brought forward	**27,366,190**	27,366,190
Ordinary shares issued during the year	**126,399,968**	-
Ordinary shares redeemed during the year	**(6,721,346)**	-
Capitalised launch costs	**(10,092)**	-
Reclassification of prior year translation differences on reclassification of share capital	**(2,858,035)**	-
Balance carried forward	**144,176,685**	27,366,190

During the year, the Company altered its methodology for accounting for the redemption of ordinary shares. Previously, the entire surplus cost of redeeming shares over and above the par value of the ordinary shares had been deducted from the share premium account, including the shareholders' portion of accumulated profits. Henceforth this portion wil be deducted from retained earnings instead of from share premium. This change has no effect upon the Company's assets and liabilities, but will ensure that the Company's reserves are more accurately recorded.

14. 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, and the ultimate controlling party is PraxisIFM Group Limited ('PGL'), a company incorporated in Guernsey. 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 is a director of PFSL and a shareholder in PGL; and Chris Hickling is shareholders in PGL; and David Stephenson is an employee of PFSL and a shareholder in PGL. During the year PFSL received AUD 91,679 (2016: AUD 32,116) for their services as administrator. At the year end date administration fees of AUD 161,661 had been paid to PFSL in advance (2016: AUD 11,184). At the year end date there was no interest on outstanding fees payable to PFSL (2016: AUD 10,513).

The Investment Advisor, Investec Corporate and Institutional Banking, a division of Investec Bank Limited, is deemed to be a related party. During the year Investec Corporate and Institutional Banking received AUD 323,835 (2016: AUD 122,776) for their services as investment advisor. At the year end advisory fees of AUD 688,389 (2016: AUD 44,738) had been paid to Investec Corporate and Institutional Banking in advance and no interest on outstanding fees (2016: AUD 52,679) was payable to Investec Corporate and Institutional Banking.

15. 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 zero coupon bond or other similar instrument and an option on a specified 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:

(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 measurement currency. As at 30 September 2017, the Company is exposed to foreign exchange risk in relation to the following assets and liabilities:

	2017	2016
	AUD	AUD
Investec Bank Limited Unsecured Subordinated Callable Notes	**111,099,646**	-
Goldman Sachs Call Option	**21,645,295**	-
Investec Bank (CI) Limited - fixed deposit	**6,420,096**	-
Investec Bank (CI) Limited - cash and cash equivalents	**393,643**	-
Amounts due from shareholders	**1,717,091**	
Trade and other payables	**(17,596)**	
	141,258,175	-

At 30 September 2017, the foreign currency exposure of the Company, principally to the US Dollar, represented 98.9% of Equity Shareholder's Funds. 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 US Dollar/Australian Dollar exchange rate at the year end date had been 10% higher/lower, this would have resulted in an increase/decrease in the year end net asset value of AUD 14,087,736. The sensitivity rate of 10% is regarded as reasonable as this is the approximate volatility of the US Dollar against the Australian Dollar over the last two years.

The Company had no other material currency exposures as at either 30 September 2017 or 30 September 2016.

(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 as it invests cash and bank balances at short term interest rates. At 30 September 2017, the Company held cash denominated in Sterling and Australian Dollars on call accounts of AUD 397,853 (2016: AUD 268,633), which earns interest at a floating rate, and a long-term fixed deposit denominated in US Dollars in the amount of AUD 6,420,096 (2016: AUD Nil).

Had these balances existed for the whole of the year, the effect of an increase/decrease of 0.5% in short term annual interest rates would have been an increase/decrease of AUD 1,989 in the post-tax profit for the year (2016: AUD 1,343). The sensitivity rate of 0.5% is regarded as reasonable in relation to the current Australian base rate of 1.5% as interest rates on Australian Dollar bank accounts are not currently volatile.

During the year the investment in Investec Bank Limited Notes was exposed to fair value interest rate risk. However, whilst changes in market interest rates may give rise to short-term fluctuations in fair value, if the bonds are held to maturity their maturity value is fixed and therefore not subject to interest rate risk.

The Company had no other material interest rate exposures as at either 30 September 2017 or 30 September 2016.

15. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk

Price risk is the risk that the value of the instruments 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 and loss are directly affected by changes in market prices.

Price risk is managed at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that will provide capital protection for investors; and a call option on a 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 bonds acquired is calculated to ensure that the maturing amount 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 call option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

The investment premise of the Company involves participation in the potential upside afforded by the call option, whilst enjoying the capital protection afforded by the bonds. Therefore, whilst the Board monitors the performance of the call option and bonds, 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 Company in the selection of investments, and is not an active ongoing process during the remainder of the life of the Company.

The investments at fair value through profit and loss and available-for-sale investments expose the Company to price risk. The details are as follows:

	2017	2016
	AUD	AUD
European call option with BNP Paribas	**-**	5,737,753
Barclays plc Zero Coupon Bonds	**-**	19,945,286
Investec Bank Limited Unsecured Subordinated Callable Notes	**111,099,646**	-
Goldman Sachs Call Option	**21,645,295**	-
	132,744,941	25,683,039

A 50 per cent increase/decrease in the value of the Goldman Sachs Call Option at 30 September 2017 would have increased/decreased the Net Asset Value of the Company by AUD 10,822,648 (2016: AUD 2,868,877). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of the Indices to which the Option is linked, magnified by the participation rate of 200% attached to the Option.

A 5 per cent increase/decrease in the value of the Investec Bank Limited Notes at 30 September 2017 would have increased/decreased the Net Asset Value of the Company by AUD 5,554,982. At the prior year end, a 5 per cent increase/decrease in the value of the Barclays plc Zero Coupon Bonds would have increased/decreased the Net Asset Value of the Company by AUD 997,264. The lower sensitivity rate of 5% is regarded as reasonable, as the rate at which interest is earned on the investment, which forms the main part of the annual uplift in value, is largely fixed, and the instrument is not significantly subject to the volatility of investment markets.

15. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(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, debtors, available-for-sale investments and investments at fair value through profit and 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.

During the year, the Directors and the investment advisor have undertaken a review of their policy for managing the Company's credit risk. Hitherto, the Company's stated policy has been to manage credit risk by holding its securities and cash assets with reputable banking institutions with an investment grade long-term credit rating, i.e. a Fitch rating in the range AAA+ to BBB-. In the course of this review, the Directors and the investment advisor noted that the Company states specifically in its Prospectus that it will invest in Callable Notes issued by Investec Bank Limited ('IBL'), and provides extensive disclosure to shareholders of that debt instrument and the risks attached to it. As a result of this, the Directors and the investment advisor have determined that, going forward, they will amend their policy for managing the credit risk attached to the Company's financial assets to one of monitoring 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. The Directors would only seek to sell the relevant securities or transfer cash if they consider on the advice of the investment advisor that such would be in the best interests of the Company and its shareholders.

In accordance with the new policy, the Board and the investment advisor have considered the downgrading of IBL during the year from BBB as at 30 September 2016 to BB+ as at 30 September 2017, and note that this occurred due to the downgrading of South Africa's national credit rating to that level, and not as a result of any deterioration in the creditworthiness of IBL itself. Indeed the rating of Investec plc, a sister company to IBL, has increased during the year to BBB+ (2016: BBB). As a result, the Directors and the investment advisor believe that it is not in the best interest of shareholders to attempt to sell the Callable Notes prior to their maturity date on 30 June 2022, 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 Callable Notes, 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.

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

The Callable Notes are held with Investec Bank Limited, which has a Fitch long-term rating of BB+ (2016: BBB). The option is held with Goldman Sachs, which has a Fitch long-term rating of A (2016: A+). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB+ (2016: 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.

15. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2017 the cash on call was AUD 397,851 (2017: AUD 268,633), which is considered by the Board to be sufficient to meet all of the Company's short-term obligations.

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 year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 September 2017	**Less than 6 months AUD**	**6-12 months AUD**	**1 - 5 years AUD**
Trade and other payables	**12,830**	**3,863**	**-**
Net exposure	**12,830**	**3,863**	**-**

30 September 2016	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
Trade and other payables	13,195	52,679	-
Net exposure	13,195	52,679	-

(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).

30 September 2017	**Level 1 AUD**	**Level 2 AUD**	**Level 3 AUD**	**Total AUD**
Investments at fair value through profit or loss	**-**	**132,744,941**	**-**	**132,744,941**
	-	**132,744,941**	**-**	**132,744,941**

30 September 2016	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at fair value through profit or loss	-	5,737,753	-	5,737,753
Available-for-sale investments	-	19,945,286	-	19,945,286
	-	25,683,039	-	25,683,039

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

16. MANAGEMENT OF CAPITAL

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 Company has no external borrowings.

17. POST BALANCE SHEET EVENTS

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