

**Strategic Global Fund**

**ARSN 613 886 392**

Interim report for the half-year ended 31 December 2017

## Index to the Financial Statements

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Directors' Declaration	5
Independent Auditor's Report	6
Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2017	8
Condensed Statement of Financial Position as at 31 December 2017	9
Condensed Statement of Changes in Equity for the half-year ended 31 December 2017	10
Condensed Statement of Cash Flows for the half-year ended 31 December 2017	11
Notes to the Financial Statements	
1. General Information	12
2. Adoption of New and Revised Accounting Standards	12
3. Basis of Preparation	12
4. Investments in Financial Instruments	13
5. Net gains on Financial Instruments held at fair value through profit or loss	14
6. Net Assets Attributable to Unitholders	15
7. Distributions to Unitholders	15
8. Related Party Transactions	15
9. Commitments and Contingencies	16
10. Subsequent Events	17

## **Directors' Report**

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of Strategic Global Fund (ARSN 613 886 392) (the "Fund"), submit their report together with the condensed financial statements for the Fund for the half-year ended 31 December 2017.

### **Responsible Entity**

The responsible entity of the Fund is OMIFL.

The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney NSW 2000.

### **Investment Manager**

The investment manager of the Fund is JBS Investments Australia Holding Ltd (ACN 146 553 648) (AFSL 401 869) (the "Investment Manager").

The principal place of business of the Investment Manager is Level 36, 71 Eagle Street, Brisbane QLD 4000.

### **Directors and Senior Management**

The names of the directors and company secretaries of the Responsible Entity, during the half-year and up to the date of this report are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

### **Principal Activities**

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 3 August 2016, registered as a managed investment scheme on 4 August 2016 and commenced operations on 8 November 2016.

The principal activity of the Fund during the half-year was to invest in accordance with the provisions of the Fund's Constitution and its most recent Product Disclosure Statement, dated 6 December 2017.

The Fund's investment objective is to invest globally in strong businesses with sustainable competitive advantages, invest opportunistically in situations that are in transition, concentrate the portfolio in a limited number of investments and to maintain a long term investment horizon.

The Fund did not have any employees during the half-year.

### **Review of Operations**

This is the first half-year financial report, as a result there are no comparatives for the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.

### **Results**

The results of the operations of the Fund are disclosed in the condensed Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The net profit attributable to unitholders for the half-year ended 31 December 2017 was \$625,690.

## **Directors' Report (continued)**

### **Review of Operations (continued)**

#### ***Distributions***

The Fund paid \$nil distribution to unitholders during the half-year ended 31 December 2017.

#### ***Value of Assets and Units Issued***

The total value of the Fund's net assets at 31 December 2017 was \$14,044,723 (30 June 2017: \$9,059,451). The total number of units on issue as at 31 December 2017 was 12,868,059 (30 June 2017: 8,722,078).

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the half-year and as at 31 December 2017.

#### ***Significant Changes in State of Affairs***

There are no significant changes in the state of affairs of the Fund.

#### ***Subsequent Events***

There has been no matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

#### ***Likely Developments and Expected Results of Operations***

The Fund will be managed in accordance with the Constitution and investment objectives as detailed in its most recent Product Disclosure Statement dated 6 December 2017.

#### ***Environmental Regulation and Performance***

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

#### ***Indemnification of Directors, Officers and Auditors***

During the half-year, the Responsible Entity paid premiums in respect of contracts insuring the directors of the Responsible Entity against a liability incurred as a director or executive officer to the extent permitted by the Corporations Act 2001. The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Fund has not directly indemnified or insured directors or officers. The Responsible Entity has not otherwise, during or since the end of the half-year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability.

#### ***Auditor***

Crowe Horwarth Sydney was appointed as auditor of the Fund and continues in that office in accordance with Section 327 of the Corporations Act 2001.

**Directors' Report (continued)**

***Auditor's Independence Declaration***

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

19 February 2018

19 February 2018

The Directors  
One Managed Investment Funds Limited  
As the Responsible Entity of Strategic Global Fund  
Level 11  
20 Hunter Street  
SYDNEY NSW 2000

Dear Directors

**Strategic Global Fund**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of One Managed Investment Funds Limited.

As lead audit partner for the review of the interim financial report of Strategic Global Fund for the period 1 July 2017 to 31 December 2017, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



**Crowe Horwath Sydney**



**John Haydon**  
Senior Partner

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, including:
- compliance with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - giving a true and fair view of the Fund's financial position as at 31 December 2017 and its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

19 February 2018

## Independent Auditor's Review Report to the Unitholders of Strategic Global Fund

### Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Strategic Global Fund (the "Fund"), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

### Directors' Responsibility for the Interim Financial Report

The directors of the Responsible Entity are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Strategic Global Fund is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Fund's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



## Crowe Horwath Sydney



**John Haydon**  
Senior Partner

Dated this 19<sup>th</sup> day of February 2018

**Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2017**

	Note	Half-year ended 31 December 2017 \$
<b>Income</b>		
Net gains on financial instruments held at fair value through profit or loss	5	924,024
Dividend Income		31,957
Interest Income		43,864
<b>Total income</b>		<b>999,845</b>
<b>Expenses</b>		
Management fees		121,212
Performance fees		179,375
Administration fees		9,123
Other expenses		64,445
<b>Total expenses</b>		<b>374,155</b>
Operating profit attributable to unitholders		625,690
<b>Finance costs attributable to unitholders</b>		
Distributions to unitholders	7	-
Increase in net assets attributable to unitholders	6	(625,690)
<b>Profit/(loss) for the half-year</b>		<b>-</b>
Other comprehensive income		-
<b>Total comprehensive income for the half-year</b>		<b>-</b>

The above condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Condensed Statement of Financial Position as at 31 December 2017**

	Note	31 December 2017 \$	30 June 2017 \$
<b>Assets</b>			
Cash and cash equivalents		8,196,717	4,163,433
Other assets		29,130	44,817
Financial assets held at fair value through profit or loss	4	13,189,677	6,899,375
<b>Total assets</b>		<b>21,415,524</b>	<b>11,107,625</b>
<b>Liabilities</b>			
Bank overdraft		7,330,381	1,936,583
Management fees payable		27,570	13,881
Performance fees payable		-	93,538
Coupon interest payable		9,927	1,929
Other payables		2,923	2,243
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>7,370,801</b>	<b>2,048,174</b>
<b>Net assets attributable to unitholders</b>	6	<b>14,044,723</b>	<b>9,059,451</b>
Liability attributable to unitholders		(14,044,723)	(9,059,451)
<b>Net assets</b>		<b>-</b>	<b>-</b>

The above condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity for the half-year ended 31 December 2017

	Half-year ended 31 December 2017 \$
<b>Total equity at the beginning of the half-year</b>	
Profit /(loss) for the half-year	-
Other comprehensive income	-
<b>Total comprehensive income</b>	-
Transactions with owners in their capacity as equity holders	-
<b>Total equity at the end of the financial half-year</b>	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial half-year.

The above condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Condensed Statement of Cash Flows for the half-year ended 31 December 2017**

	Note	Half-year ended 31 December 2017 \$
<b>Cash flows from operating activities</b>		
Net payments from purchase and sale of financial instruments held at fair value through profit or loss		(5,300,919)
Interest received		40,545
Interest paid		(42,503)
Management fees paid		(107,523)
Performance fees paid		(272,913)
Other expenses paid		(22,706)
Distribution/dividend Income		51,282
<b>Net cash used in operating activities</b>		<b>(5,654,737)</b>
<b>Cash flows from financing activities</b>		
Proceeds from unitholder applications	6	4,389,264
Payments for unitholder redemptions	6	(29,682)
<b>Net cash provided by financing activities</b>		<b>4,359,582</b>
Net decrease in cash and cash equivalents		(1,295,155)
Cash and cash equivalents at the beginning of the half-year		2,226,850
Effect of foreign currency exchange rate changes on cash and cash equivalents		(65,359)
<b>Cash and cash equivalents at the end of the period</b>		<b>866,336</b>
<b>Non-cash financing activities</b>		<b>-</b>

The above condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

**1. General Information**

These condensed financial statements cover the Strategic Global Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme, and was constituted on 3 August 2016, registered as a managed investment scheme on 4 August 2016 and commenced operations on 8 November 2016. These financial statements cover the half-year ended 31 December 2017. This is the first half-year financial report, as a result there are no comparatives for the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.

The responsible entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 20 Hunter Street Sydney NSW 2000.

The Fund typically invests in a concentrated portfolio of a limited number of investments.

The financial statements were authorised for issue by the directors on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

**2. Adoption of New and Revised Accounting Standards*****Standards and Interpretations in issue but not yet adopted***

At the date of authorisation of the condensed financial statements, the Standards and Interpretations listed below were in issue but not yet effective, and are available for early adoption.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 " <i>Financial Instruments</i> ", and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 " <i>Revenue from Contracts with Customers</i> "	1 January 2018	30 June 2019

The above new standards are not expected to have a major impact on the Fund.

**3. Basis of Preparation**

These interim financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 "*Interim Financial Reporting*" and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 "*Interim Financial Reporting*".

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the period ended 30 June 2017 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements are presented in Australian dollars.

**(a) Significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied to the Fund's financial statements for the period ended 30 June 2017.

## Notes to the Financial Statements

## 4. Investments in Financial Instruments

## a) Financial assets held at fair value through profit or loss

	31 December 2017	30 June 2017
	\$	\$
<b>Designated at fair value through profit or loss</b>		
Investments in listed equities	12,799,740	6,053,259
Investments in unit trusts	389,937	846,116
<b>Total financial assets held at fair value through profit or loss</b>	<b>13,189,677</b>	<b>6,899,375</b>

## b) Fair Value Hierarchy

The Fund measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis. The Fund has no assets and liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 7 "Financial Instrument Disclosures" requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

## Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

## Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

## Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

**Notes to the Financial Statements**
**4. Investments in Financial Instruments (continued)**
**b) Fair Value Hierarchy (continued)**

The following table shows an analysis of financial instruments held at 31 December 2017 and 30 June 2017 recorded at fair value and presented by level of the fair value hierarchy:

	31 December 2017			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Financial assets</b>				
Investments in listed equities	12,799,740	-	-	12,799,740
Investments in unit trusts	389,937	-	-	389,937
<b>Total financial assets held at fair value through profit or loss</b>	<b>13,189,677</b>	<b>-</b>	<b>-</b>	<b>13,189,677</b>

	30 June 2017			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Financial assets</b>				
Investments in listed equities	6,053,259	-	-	6,053,259
Investments in unit trusts	846,116	-	-	846,116
<b>Total financial assets held at fair value through profit or loss</b>	<b>6,899,375</b>	<b>-</b>	<b>-</b>	<b>6,899,375</b>

**Transfer between levels**

There have been no transfers between levels for the half-year ended 31 December 2017.

**Disclosed fair values**

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

**5. Net gains on financial instruments held at fair value through profit or loss**

	Half-year ended 31 December 2017 \$
Unrealised gains on financial instruments designated at fair value through profit or loss	796,869
Realised gains on financial instruments designated at fair value through profit or loss	127,155
<b>Net gains on financial Instruments designated at fair value through profit or loss</b>	<b>924,024</b>

**Notes to the Financial Statements**

**6. Net Assets Attributable to Unitholders**

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Half-year ended 31 December 2017	
	No. of Units	\$
Opening balance	8,722,078	9,059,451
Applications for units by unitholders	4,173,540	4,389,264
Redemption of units by unitholders	(27,559)	(29,682)
Increase in net assets attributable to unitholders	-	625,690
<b>Closing balance</b>	<b>12,868,059</b>	<b>14,044,723</b>

As stipulated within the Fund’s Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

**7. Distributions to Unitholders**

The Fund expects to make distributions on an annual basis. Subject to the Constitution, distributions (if any) will generally be paid within two months of 30 June. Distributions are expected but not guaranteed. As such a distribution of \$nil was paid to unitholders for the half-year ended 31 December 2017.

**8. Related Party Transactions**

The responsible entity of the Fund is OMIFL.

***a) Management fees paid and payable to the investment manager***

The investment manager of the Fund is JBS Investments Australia Holding Ltd (ACN 146 553 648) (AFSL 401 869) (“Investment Manager”).

Management Fees are the fees charged by the investment manager to provide investment management services to the Fund.

The investment manager charges 1.9065% per annum (inclusive of GST and less any reduced input tax credits) of the gross value of the Fund’s assets. As at 31 December 2017, the management fee expense incurred by the Fund was \$121,212.

***b) Performance fees paid and payable to the investment manager***

Performance fees are fees payable to the investment manager when the Fund’s return exceeds the benchmark and high watermark.

The investment manager charges 20.5% of the amount by which the Fund’s returns (after fees and expenses but before taxes) exceed the higher of the benchmark and high watermark (inclusive of GST and less any reduced input tax credits). As at 31 December 2017, the performance fee expense incurred by the Fund was \$179,375.

**Notes to the Financial Statements****8. Related Party Transactions (continued)****c) Other fees paid to related parties**

The Responsible Entity has appointed third party service providers to the Fund, some of whom are related parties of the Responsible Entity. The following entities, which are related parties of the Responsible Entity, have provided services to the Fund during the half-year ended 31 December 2017:

- One Registry Services Pty Limited (ACN 141 757 360) – unit registry services

OMIFL also acts as custodian for the Fund and receives a fee for doing so.

None of the above have received any remuneration directly from the Fund in relation to these services and are remunerated out of the Management Fee.

**d) Key management personnel****(i) Directors**

The key management personnel of the Responsible Entity, during the half-year and up to the date of this report are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the half-year and as at 31 December 2017.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the half-year.

**Key Management Compensation**

Key management personnel of the Responsible Entity have not been compensated out of the Fund for the half-year ended 31 December 2017.

**(ii) Other Key Management Personnel**

The key management personnel of the Investment Manager at any time during the half-year are:

<b>Name</b>	<b>Title</b>
John Sampson	Chief Investment Officer
Dr Peter Smith	Chief Operating Officer

**(iii) Other Key Management Compensation**

Key management personnel of the Investment Manager have not been compensated out of the Fund for the half-year ended 31 December 2017.

**9. Commitments and Contingencies**

There are no commitments or contingencies as at 31 December 2017 (30 June 2017: \$nil).

**Notes to the Financial Statements**

**10. Subsequent Events**

There has not been any matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.