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# Annual Report

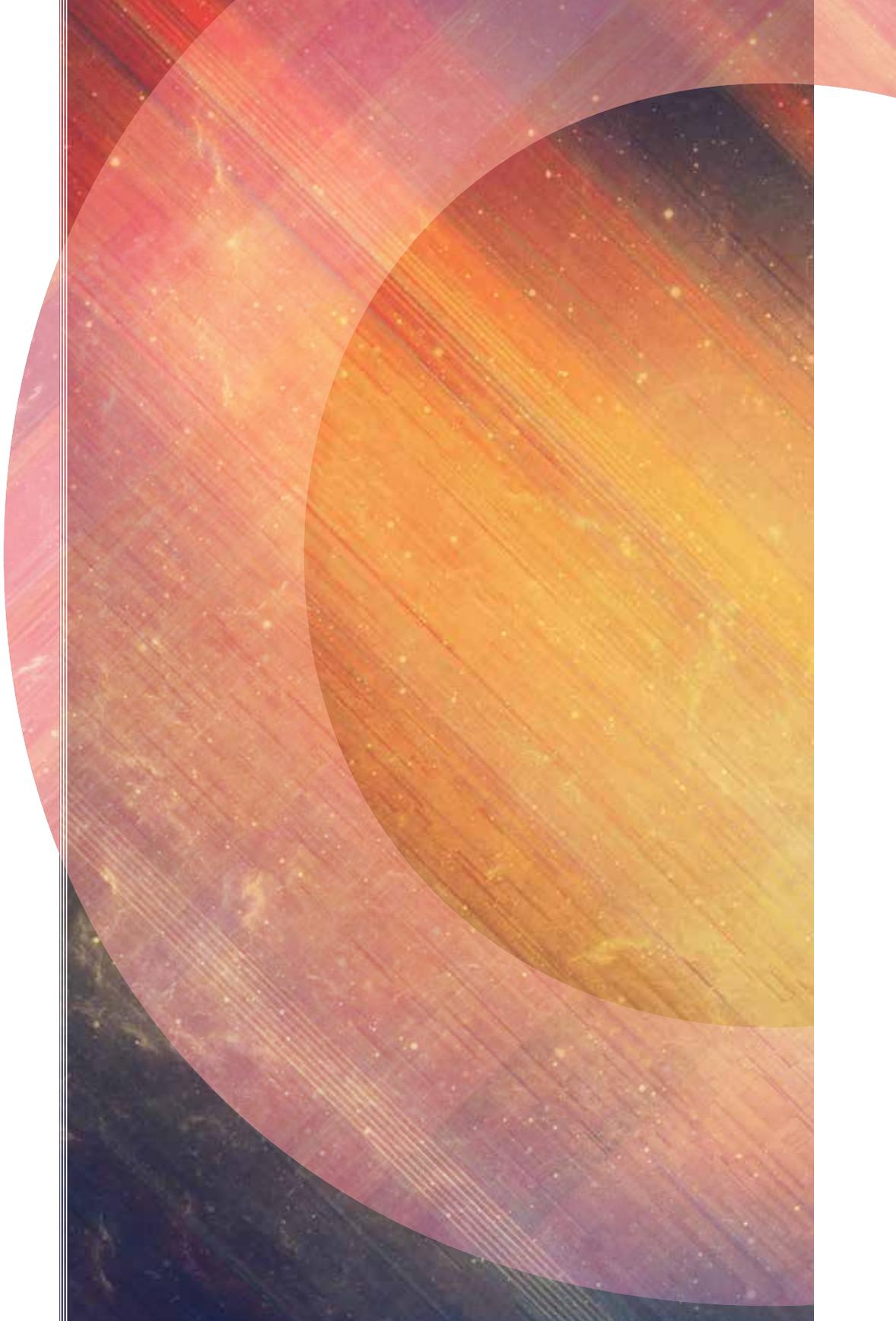
FOR THE YEAR ENDED  
30 JUNE 2020

ARSN 619 350 042

EVANS & PARTNERS  
**GLOBAL  
DISRUPTION  
FUND**



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# Chairman's Letter

30 JUNE 2020

Welcome to the full-year Annual Report for the Evans & Partners Global Disruption Fund (**Fund** or **EGD**) for the financial year ended 30 June 2020 (**FY20**).

## FUND PERFORMANCE

The Evans & Partners Global Disruption Fund returned 31.7% for the year to 30 June 2020 on a net tangible asset (**NTA**) basis. The Fund outperformed the broader market (MSCI AC World Index or market) which returned 3.9% for the year.

Since inception, the Fund's performance remains strong, rising 23.9% per annum (**p.a.**) compared with the broader Index gains of 10.6% p.a.

The year was characterised by severe global market volatility. Markets rose strongly in the six months to December 2019 as a result of easing monetary policy, stable economic data and the signing of the "phase-one" deal between US and China. However, the COVID-19 health crisis and the ensuing lock downs and resulting economic impact led to the worst sell off in the March quarter (-21.4%) since the GFC in 2008. Markets recovered strongly in the June quarter (+19.4%) driven by record Government and Central bank stimulus, economies beginning to reopen and optimism on COVID-19 vaccine trials.

During the year, the Fund and its key holdings benefited from the acceleration in a number of existing disruption and technology trends driven by the COVID-19 pandemic. Themes including Cloud computing, digital payments, ecommerce, digital health and the adoption of software to drive digital transformation have all accelerated in the lockdown.

At 30 June 2020 the net assets of the Fund were valued at \$265.5 million or \$2.70 per unit.

## CAPITAL MANAGEMENT AND DISTRIBUTIONS

EGD announced a distribution of 15 cents per ordinary unit for the period ending 30 June 2020.

In keeping with the policy of the Fund's Responsible Entity, Walsh & Company Investments Limited, to manage the capital and trading liquidity of the Fund throughout the year, the Fund conducted a buy-back of approximately 19.6% of total shares.

## THE IMPACT OF COVID-19 AND OUTLOOK

The outlook for global equities remains uncertain. We expect low interest rates and global economic stimulus measures will likely remain supportive of markets. However, the pace of economic reopening remains uncertain with high unemployment rates and many countries struggling to contain COVID-19 infection rates. We expect uncertainty to continue and economies are unlikely to fully recover until the emergence of more effective treatments and a COVID-19 vaccine. We also expect volatility to remain high with the US Presidential Election in November and increasing US China tensions.

Despite the uncertainty, we remain positive on the outlook of the Fund. We believe that disruption and innovation accelerate in uncertain times. As discussed above, the COVID-19 pandemic has already accelerated a number of existing disruption and technology trends including cloud computing, ecommerce, digital payments and adoption of software. In our view, this will provide continued tailwinds for many companies in the Fund.

The pandemic has also highlighted and created many challenges and problems across the world. This includes challenges in education, healthcare, retail, logistics, travel, financial services and many other parts of society. We expect the most innovative companies that survive the crisis – and also ones that form during this period – will look to solve these problems with technology. This includes existing technology such as cloud computing, artificial intelligence and machine learning, 5G and genetics, but also newly emerging technologies. We believe many old ways of doing things are likely to completely change and the coming years will be a period of accelerated change and disruption.

## POSITIONING OF THE FUND

EGD's investment thesis is to invest in companies that are driving and benefiting from disruption innovation and who are well positioned to drive long term growth. As discussed above, we believe disruption and change will accelerate and there will be significant investment opportunities in the coming years.

During the year, the Fund made an investment into Taiwan Semiconductor Manufacturing (**TSMC**), the world's leading semiconductor foundry, manufacturing products for chip designers including Apple, Nvidia, AMD, Qualcomm and Huawei. TSMC provides exposure to long-term secular and disruption trends including 5G, cloud computing, and artificial intelligence.

The Fund also made its first investment into renewable energy, taking a position in Orsted, the largest offshore windfarm developer and operator in the world.

As the COVID-19 health crisis spread globally, the Investment Manager initiated a position in Zoom as demand for video conferencing tools surged under imposed social restrictions. The Fund also reduced exposure to themes and businesses that were disrupted by COVID-19, particularly ones that rely on physical consumer transactions.

I would like to acknowledge the ongoing contributions of the Investment Committee, including Richard Goyder, Paul Bassat, David Thodey, Sally Herman and Jeffrey Cole, as well as Portfolio Manager Raymond Tong. Together, we look forward to reporting another solid period of performance in the next financial year.

We thank you for your support of the Fund.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'David Evans', with a long, sweeping horizontal line extending to the right.

David Evans

**Chair of the Investment Committee**

26 August 2020

# Investment Manager's Report

30 JUNE 2020

The Evans & Partners Global Disruption Fund (**EGD** or **the Fund**) returned 31.7% over the year on a net tangible asset (**NTA**) basis significantly outperforming the broader market which rose by 3.9%. Since inception, the Fund's performance has been strong rising 23.9% p.a. which is ahead of the 10.6% p.a. return generated by the broader market.

## MARKET UPDATE

Global markets delivered a modest positive return in the 12 months period to 30 June 2020 but featured periods of extreme volatility as the COVID-19 health crisis took hold in the second half of the year.

While political risk was a feature of the six months to December 2019, market performance was strong with global indices returning 8.7% for the half. Trade tension between the US and China flared periodically but the market reacted positively as a "phase one" trade deal was ultimately reached. Similarly, US election news drove periods of uncertainty with the Democratic nomination ultimately going to Joe Biden, reducing perceived risk associated with less mainstream candidates.

The second half of 2020 witnessed extraordinary conditions in markets and broader society globally. Markets declined 4.4% over the period, staging a strong recovery in the June quarter after declining heavily in the March quarter. As the COVID-19 health crisis took hold, containment measures were imposed globally leading to a surge in unemployment as millions of workers were retrenched or furloughed and many service sectors were forced to cease trading. The impact was immediate, leading to markets posting the worst quarterly returns since the GFC in 2008 (-21.4% in USD terms). Weakness in the Australian dollar helped offset some of the declines with the market down -9.9% in local currency.

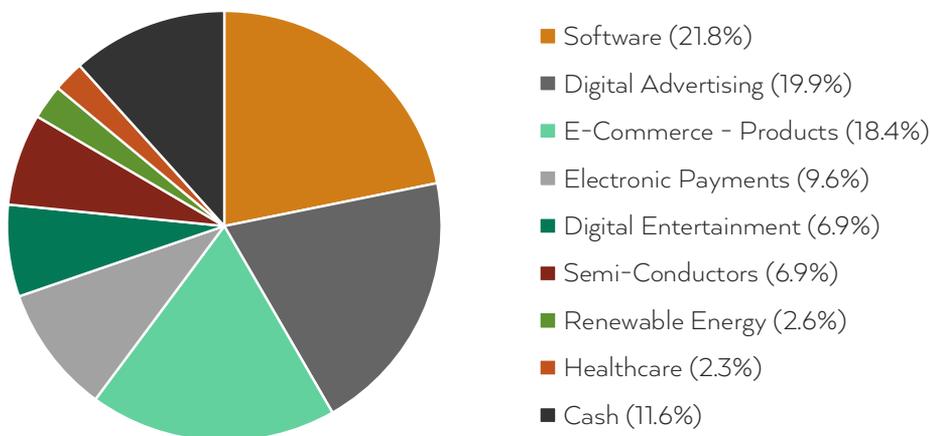
The response to the crisis by governments and central banks was also unprecedented in speed and size with record amounts of stimulus announced to cushion the impact. Markets recovered strongly (+18.7% in USD terms) as stimulus measures were rolled out, infection data in key global hotspots improved, and optimism about potential vaccine candidates grew as clinical trials commenced.

The best performing sector in the market was Information Technology (+33.8%) with Healthcare (+14.2%) and Communications Services (+7.8%) also outperforming the broader market. Consumer Staples (+0.2%), Utilities (-1.3%), Materials (-3.4%), Financials (-16.6%) and Energy (-37.8%) were underperformers.

From a geographic perspective, Chinese markets underperformed the US with the Hang Seng (-12.1%) and Shanghai Composite Index -0.8% while the SP500 returned 7.4%. In all markets, Technology was a standout with the Nasdaq +28.1% and HK Tech Index +65.9%. Megacap Chinese holdings Tencent and Alibaba rose +45.3% and +29.7% respectively.

## PORTFOLIO EXPOSURE

At 30 June 2020, the EGD thematic exposure/allocation of the portfolio was:



Note: Portfolio exposure based on segment revenues

\*Figures may not reconcile due to rounding.

Source: Factset, Evans and Partners Investment Management Pty Limited

## PORTFOLIO TOP 10 HOLDINGS

At 30 June 2020, the top 10 holdings in the portfolio, listed in alphabetical order, were:

COMPANY	SECTOR EXPOSURE
Adobe	Software
Alibaba	eCommerce - products
Alphabet Inc	Digital advertising
Amazon.com Inc	eCommerce - products

COMPANY	SECTOR EXPOSURE
ASML Holding	Semiconductors
Facebook Inc	Digital advertising
Microsoft Corp	Software
PayPal Holdings Inc	Electronic payments
Salesforce.com Inc	Software
Tencent Holdings Ltd	Digital advertising

## PERFORMANCE

As mentioned, the Evans & Partners Global Disruption Fund returned 31.7% over the year on a net tangible asset (NTA) basis. Half on half, the Fund returned 7.7%, compared with the broader market (+8.7%) in the December half, before advancing (+22.3%) in the six months to June compared with the broader market (-4.4%). Since inception, the Fund's performance remains strong, rising 23.9% p.a. compared with the broader market gains of 10.6% p.a.

## FUND PERFORMANCE RELATIVE TO THE GLOBAL MARKET



Source: Bloomberg, Investment Manager

The onset of the COVID-19 pandemic dealt a significant blow to the global economy and broader society. With the rapid containment response to preserve public health, many disruptive themes that have emerged over recent years accelerated immediately. The Fund has been constructed to take advantage of these thematic trends and the performance of the top holdings over the last 12 months benefitted from trends strengthened by the health crisis.

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In our view, COVID-19 and subsequent shutdown measures have highlighted the importance of global technology platforms while also accelerating a number of disruption themes.

This includes the shift to cloud computing, adoption of software as businesses accelerate their digital transformation, increased ecommerce, digital payments, digital communication and entertainment.

For the Fund, the best performers for FY20 were Afterpay (+143%), Zoom Video (+190%), ASML (+81%), Spotify (+80%) and The Trade Desk (+82%). While the largest positive contributors to returns were Microsoft (+57%), Amazon (+48%), Alphabet (+33%), ASML and Alibaba (+30%).

Microsoft (+56%) was the Portfolio's strongest contributor for the second year with the ongoing adoption of cloud infrastructure and software underpinning performance. In addition to strong cloud trends, Amazon (+56%) benefitted from rising ecommerce adoption as containment orders were imposed. Semiconductor companies were also a bright spot with market leading semi equipment company ASML delivering strong returns (+82%).

Uber (-32%), Square (-28%) and Disney (-18%), all businesses that are exposed to physical consumer interaction, underperformed. The largest detractors included Uber (-32%) and holdings subsequently sold; Square (-28%) and Disney (-18%) – all businesses with exposure to physical consumer interaction.

## POSITIONING

As the COVID-19 health crisis spread globally, the Investment Manager elected to initiate a position in Zoom as demand for video conferencing tools exploded under imposed social restrictions. Zoom has become a critical solution for corporate and personal communication as reflected in its rapid user and revenue growth.

The Investment Manager also elected to initiate a position in leading Danish renewable energy company Orsted. The Investment Manager believes the trend toward green energy adoption is likely to accelerate globally with Europe leading the way, underpinned by mandated targets to reduce reliance on traditional fuel sources.

Other new holdings for the Fund included Taiwan Semiconductor Manufacturing Company (**TSMC**) and The Trade Desk in addition to reintroducing Facebook and Mastercard to the Fund. TSMC is the leading global semiconductor foundry manufacturing chips for fabless customers such as Apple, Nvidia, AMD and Qualcomm. TSMC offers exposure to long term secular disruptive trends including 5G, cloud computing and artificial intelligence.

The company is also the clear leader in market share and has a well-diversified customer base. The Trade Desk is an emerging high growth buy-side advertising platform providing advertisers with an alternative to the two dominant digital platforms.

Mastercard was added to the Fund to increase exposure to the digital payments. Secular trends such as the migration from cash to digital remain in their infancy, new payment opportunities are large (e.g. B2B), and the market structure is supportive of long-term growth. Facebook was also added after previously being exited on concerns around privacy and regulation. The company has invested significantly into platform health to address privacy, has emerging growth opportunities in ecommerce and payments, and retains a leading position in digital advertising across core Facebook and Instagram. A position was entered as valuation became attractive relative to the assessed risks.

Positions that were exited during the year included healthcare exposures CSL and Merck, Disney and Square. The Investment Manager elected to exit the Fund's position in CSL following a period of very strong outperformance. Merck was removed from the Fund to increase flexibility for more attractive growth opportunities as economic conditions improve. The decision to remove Disney and Square reflected a prudent approach to reducing exposure to the offline economy as the COVID-19 health crisis unfolded. It was the view of the Investment Manager that while both remain high quality businesses the exposure to physical commerce presented a risk for the Fund.

## OUTLOOK

In our view, the outlook for global equities remain uncertain. We expect low interest rates and global economic stimulus measures will likely remain supportive of markets. However, the pace of economic reopening remains uncertain with high unemployment rates and many countries struggling to contain COVID-19 infection rates. We expect uncertainty to continue and economies are unlikely to fully recover until the emergence of more effective treatments and a COVID-19 vaccine. We also expect volatility to remain high with the US Presidential Election in November and increasing US China tensions.

Despite the uncertainty, we remain positive on the outlook of the Evans & Partners Global Disruption Fund. We believe that disruption and innovation accelerate in uncertain times. Consumers and businesses are forced to change their patterns of behaviour and adopt cheaper and more efficient ways of doing things.

The COVID-19 pandemic has already accelerated a number of existing disruption and technology trends. Cloud computing, digital payments, ecommerce, digital health and the adoption of software to drive digital transformation have all accelerated in the lockdown environment.

Businesses continued to prioritise digital transformation initiatives to support teams working remotely, ensure business continuity, drive business efficiencies and remain connected to customers. Consumer adoption of ecommerce accelerated, underpinning similar growth in digital payments. Demand for videoconferencing and communications applications exploded while digital entertainment also experienced strong tailwinds.

The pandemic has highlighted and created many challenges and problems across the world. This includes challenges in education, healthcare, retail, logistics, travel, financial services and many other parts of society. We expect the most innovative companies that survive the crisis – and also ones that form during this period – will look to solve these problems with technology. This includes existing technology such as cloud computing, artificial intelligence and machine learning, 5G and genetics, but also newly emerging technologies. We believe many old ways of doing things are likely to completely change and the coming years will be a period of accelerated change and disruption.

# Corporate Governance Statement

30 JUNE 2020

Evans & Partners Global Disruption Fund (**Fund**) is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (**ASX**). The Fund has no employees, and its day-to-day functions and investment activities are managed by Walsh & Company Investments Limited (**Responsible Entity**) and Evans & Partners Investment Management Pty Limited (**Investment Manager**), respectively, in accordance with management agreements.

The directors of the Responsible Entity (**Board**) and the Investment Manager's directors and senior management recognise the importance of good corporate governance. The Fund's corporate governance charter, which incorporates the Fund's policies referred to below (**Corporate Governance Charter**), is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website [globaldisruptionfund.com.au](http://globaldisruptionfund.com.au).

A description of the Fund's adopted practices in respect of the eight Principles and Recommendations from the Third Edition of the *ASX Corporate Governance Principles and Recommendations* (**ASX Recommendations**) are set out below. All these practices, unless otherwise stated, were in place for the entire year.

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Fund. This involves undertaking the following functions:

- providing and implementing the Fund's strategic direction;
- reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- overseeing the integrity of the Fund's accounting and corporate reporting systems, including the external audit;
- ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- reviewing and overseeing internal compliance and legal regulatory compliance;

- ensuring compliance with the Fund's constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)*;
- overseeing the Fund's process for making timely and balanced disclosures of all material information concerning the Fund; and
- communication with and protecting the rights and interests of all unitholders.

The Board has established a formal policy, specified in Section 2 of the Corporate Governance Charter, which sets out its functions and responsibilities. A review of the policy is conducted annually.

## 2. STRUCTURE THE BOARD TO ADD VALUE

### COMPOSITION OF THE BOARD

The Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director in office during the reporting period are given in the Directors' Report, including the years in office, skills, experience, and expertise relevant to the position of director.

The directors of the Responsible Entity during the reporting period were:

- **Mr Stuart Nisbett** (appointed on 19 December 2019)
- **Mr Alex MacLachlan** (resigned on 19 December 2019)
- **Mr Peter Shear** (appointed on 19 December 2019)
- **Mr Warwick Keneally**
- **Mr Mike Adams.**

Having regard to the size of the Fund and the nature of its business, the Board has determined that a board with four members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Fund. However, the composition of the Board will be reviewed periodically.

The current Board comprises two independent directors, Stuart Nisbett and Peter Shear, and two non-independent directors, Warwick Keneally and Mike Adams, with the independent Chairperson holding the casting vote<sup>1</sup>.

Note:

<sup>1</sup> Prior to his appointment as a director of the Board, Stuart Nisbett was remunerated for services on investment committees for two of the Responsible Entity's unlisted funds. The Board is of the view that this association does not compromise Stuart Nisbett's independence because one of the investment committees was dissolved in 2017 and he ceased to be remunerated for the other investment committee prior to his appointment as director.

The Board however has established a Compliance Committee with a majority of external members who are responsible for:

- monitoring the extent to which the Responsible Entity complies with the Fund's relevant regulations, compliance plan that has been lodged with the Australian Securities and Investments Commission (**ASIC**) (**Compliance Plan**), constitution and report the findings to the Board;
- reporting to ASIC if the Compliance Committee is of the view that the Responsible Entity has not complied with the Compliance Plan or any relevant laws;
- assessing at regular intervals whether the Fund's Compliance Plan is adequate; and
- making recommendations to the Responsible Entity about any changes that the Compliance Committee considers should be made to the Compliance Plan.

The Fund recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size of the Fund, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Fund and, if required, may establish committees to assist it in carrying out its functions. At that time, the Board will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Fund. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Fund.

### 3. ACT ETHICALLY AND RESPONSIBLY

#### CODE OF CONDUCT

The Board has adopted a Code of Conduct, as specified in Section 5 of the Corporate Governance Charter, to define the basic principles of business conduct of the Fund and the Responsible Entity. This Code requires the Fund's personnel to abide by the policies of the Fund and the law. The Code of Conduct is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour.

## UNIT TRADING POLICY

The Board has established a Unit Trading Policy, as specified in Section 6 of the Corporate Governance Charter, which applies to trading in the Fund's units on the ASX. This policy outlines the permissible dealing of the Fund's units while in possession of price sensitive information and applies to all directors of the Responsible Entity.

The Policy imposes restrictions and notification requirements, including the imposition of discretionary blackout periods, trading windows and the need to obtain pre-trade approval.

## INSIDER TRADING POLICY

The Board has adopted an Insider Trading Policy, as specified in Section 7 of the Corporate Governance Charter, to apply to trading in the Fund's units on the ASX. This policy applies to all directors, executives and employees of the Responsible Entity. All directors, executives and employees of the Responsible Entity must not deal in the Fund's units while in possession of price sensitive information. In addition, the general Unit Trading Policy (see Section 6 of the Corporate Governance Charter) sets out additional restrictions which apply to directors and executives of the Responsible Entity.

## 4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### COMPLIANCE COMMITTEE

As a registered managed investment scheme, the Fund has a Compliance Plan. The Compliance Plan is reviewed comprehensively every year to ensure that the way in which the Fund operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Fund complies with the relevant regulations, its Compliance Plan and its constitution. The Compliance Committee meets and reports to the Board on a quarterly basis.

The Compliance Committee is structured with three members, the majority of which are external. Details of the Compliance Committee members are as follows:

**Mike Adams** (*INTERNAL MEMBER*)

Refer to information on directors (page 20).

**Barry Sechos** (*EXTERNAL MEMBER*)

Barry is one of two external members of the Compliance Committee. Barry is a member of the compliance committee for the New Energy Solar Fund, the Evans & Partners Global Flagship

Fund, the Fort Street Real Estate Capital Fund Series, the Cordish Dixon Private Equity Fund Series, the Australian Governance & Ethical Index Fund, the Evans & Partners Asia Fund, the Evans & Partners Australian Flagship Fund, the Venture Capital Opportunities Fund and the US Masters Residential Property Fund.

Barry is a Director of Sherman Group Pty Limited, a privately owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group of companies. Barry has 35 years' experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allens (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of See Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, Concentrated Leaders Fund Limited, an investment company listed on the ASX, Regeneus Limited, an ASX listed biotech company and a Director of Sherman Contemporary Art Foundation, a charitable cultural organisation.

**Michael Britton** (EXTERNAL MEMBER)

Michael is one of two external members of the Compliance Committee. He is a member of the compliance committee for the New Energy Solar Fund, the Fort Street Real Estate Capital Fund Series, the Cordish Dixon Private Equity Fund Series, the Evans & Partners Asia Fund, the Australian Governance & Ethical Index Fund, the Evans & Partners Australian Flagship Fund, the Venture Capital Opportunities Fund and the Evans & Partners Global Flagship Fund. He is also an independent member of Compliance Committees for NorthWest Australia (Schemes 2 & 3), Angas Asset Management Fund, Angas Prime and Angas Direct. Michael has over 36 years of commercial and financial services experience, initially with Boral Limited and culminating in 13 years as General Manager of the corporate businesses of The Trust Company Limited (now part of Perpetual Limited) (**The Trust Company**) where he established the company's reputation as a leader in the delivery of independent responsible entity services. He has represented The Trust Company as a director on the boards of both domestic and offshore operating subsidiary companies and a large number of special purpose companies delivering the responsible entity function in both conventional and stapled, ASX listed and unlisted managed investment schemes. Michael has acted as a Responsible Manager (as recognised by ASIC), a member of committees of inspection in relation to large insolvency administrations and as an independent compliance committee member for substantial investment managers with portfolios of managed investment schemes.

Currently Michael is an independent director on the boards of the now unlisted Westfield Corporation Limited and Westfield America Management Limited (following Unibail Rodamco absorbing the Westfield offshore Shopping Malls). He is an independent director of the unlisted

Knights Capital Group Limited, a Perth-based investor. He is the sole independent director of two special purpose companies involved in high profile wholesale debt capital and securitisation transactions in the aviation and motor vehicle industries and is also a panel member for the Australian Financial Complaints Authority (formerly Financial Ombudsman Services Limited).

Michael holds degrees in Jurisprudence and Law from the University of New South Wales and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

The Board, having considered their overall responsibilities, the size and structure of the Fund and other duties performed by the Compliance Committee, does not consider it appropriate, at this time, to establish an audit committee.

## 5. MAKING TIMELY AND BALANCED DISCLOSURE

The Board is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001 (Cth)* and ASX Listing Rules, as well as releasing relevant information to the market and unitholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a Continuous Disclosure Policy (as specified in Section 4 of the Corporate Governance Charter) to ensure the Fund complies with its continuous disclosure requirements. This policy is administered by the Board and monitored by the Compliance Committee.

## 6. RESPECT THE RIGHTS OF UNITHOLDERS

### RIGHTS OF UNITHOLDERS

The Fund promotes effective communication with unitholders. The Board has developed a strategy within its Continuous Disclosure Policy to ensure that unitholders are informed of all major developments affecting the Fund's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with unitholders. Each unitholder is also provided online access to Boardroom Pty Limited (**Registry**) to allow them to receive communications from, and send communication to, the Responsible Entity and the Registry. Information is communicated through announcements to the ASX, releases to the media and the dispatch of financial reports. Unitholders are provided with an opportunity to access such reports and releases electronically. Copies of all ASX announcements are linked to the Fund's website.

These include:

- monthly net tangible asset backing announcements;
- quarterly investment updates;
- the half-year report;
- the annual report;
- occasional ASX announcements made to comply with the Fund's continuous disclosure requirements; and
- occasional correspondence sent to unitholders on matters of significance to the Fund.

The Board encourages full participation of unitholders at the general meetings to ensure a high level of accountability and identification with the Fund's strategy. Unitholders who are unable to attend the general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting.

## 7. RECOGNISE AND MANAGE RISK

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Fund and its operations. It has not established a separate committee to deal with these matters as this responsibility will be undertaken by the Compliance Committee. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditor.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes the Board conducts an annual review of its risk management framework to satisfy itself that the framework continues to be sound. A review of the risk management framework took place for the reporting period.

The Fund does not have any material exposure to economic, environmental and social sustainability risks.

The Board receives a letter half-yearly from the Fund's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Australian accounting standards.

The Responsible Entity provides declarations required by Section 295A of the *Corporations Act 2001 (Cth)* for all financial periods and confirms that in its opinion the financial records of the Fund have been properly maintained and that the financial statements and accompanying notes comply with the Australian Accounting Standards and give a true and fair view of the financial position and performance of the Fund, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Fund's external auditor.

Details of the Fund's financial risk management are set out in the notes to the financial statements in the annual report.

## **8. REMUNERATE FAIRLY AND RESPONSIBLY**

### **REMUNERATION POLICY**

Due to the relatively small size of the Fund and its operations, the Board does not consider it appropriate at this time to establish a formal remuneration committee.

Directors of the Fund are remunerated by the Responsible Entity. In accordance with the Fund's constitution, the Responsible Entity is entitled to a management fee for services rendered.

Details of the Fund's related party transactions are disclosed in the notes to financial statements within the annual report. The Fund's constitution is available to unitholders on request.

# Directors' Report

30 JUNE 2020

The directors of Walsh & Company Investments Limited, the Responsible Entity of Evans & Partners Global Disruption Fund (the **Fund** or **EGD**) present their report on the Fund for the period from 1 July 2019 to 30 June 2020.

## DIRECTORS

The directors of the Responsible Entity at any time during or since the end of the financial year are listed below:

<b>Stuart Nisbett</b>	Appointed 19 December 2019
<b>Alex MacLachlan</b>	Resigned 19 December 2019
<b>Warwick Keneally</b>	
<b>Mike Adams</b>	
<b>Peter Shear</b>	Appointed 19 December 2019

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

## INFORMATION ON DIRECTORS

### STUART NISBETT



Stuart is currently Executive Director and Principal at Archerfield Capital Partners, a boutique corporate advisory firm specialising in real estate, which he established in 2008. He has more than 30 years experience in property development, property funds management, equity and debt raising, corporate advisory and project finance.

Previously, Stuart was Executive Director, Head of Property Funds at ANZ Investment Bank. He was also the Managing Director, Head of Property Banking & Property Investment Banking at N M Rothschild & Sons (Australia) Limited. Stuart has also held senior roles at director level at Macquarie Bank Property Investment Banking Division and at Lendlease Corporation in its development and commercial asset management divisions. Stuart was appointed to the Board of Walsh & Company Investments Limited on 19 December 2019.

Stuart is a Chartered Accountant and holds a Bachelor of Commerce with Merit and a Masters of Commerce from the University of NSW, and in 2005 was appointed a Fellow of the Australian Property Institute.

## ALEX MACLACHLAN



Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division, which later became Walsh & Company. From funds under management of under \$100 million at the time of his start, Alex has grown Walsh & Company Group to over \$6 billion of assets under management today, with investments across residential and commercial property, fixed income, private equity, listed equities and renewable energy.

Prior to joining the firm, Alex was an investment banker at UBS AG, where he rose to Head of Energy for Australasia. During his tenure in investment banking, Alex worked on more than \$100 billion in mergers and acquisitions and capital markets transactions, advising some of the world's leading companies. Alex resigned from the Board of Walsh & Company Investments Limited on 19 December 2019.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

## WARWICK KENEALLY



Warwick is Head of Finance at Walsh & Company, the Funds Management division of Evans Dixon Limited. Before joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring engagements across Europe, UK and Australia, for a range of

Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from the Australian National University and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

**MIKE ADAMS**

Mike has extensive experience across a broad range of corporate, commercial and private client sectors. His core practice areas involve the provision of advice and transactional expertise in relation to new and existing retail financial products and the regulatory framework within which they operate, as well as debt and equity financing, intellectual property, and film and television media law among others. Mike has previously worked in private practice, public sector and in-house roles in Australia, New Zealand and the United Kingdom, acting across multiple industries for a variety of clients, including high-net-worth individuals, banks and financial institutions, as well as numerous listed and unlisted corporate entities.

Mike is also a director with MA Law, a Sydney-based financial services law firm, and is admitted as a solicitor of the Supreme Court of NSW. He has a Bachelor of Laws from the University of Otago.

**PETER SHEAR**

Peter has significant expertise in funds management, financial advisory and complex lending arrangements including leveraged finance, property development and debt workout situations. Peter was most recently Co-Managing Partner of Opportunistic Lending and Special Situations at LIM Advisors. Prior to this role, Peter held the positions of Chief Risk Officer and Managing Director & Head of Corporate and Structured Finance at Lloyds Banking Group (and its predecessor HBOS plc) in Australia. Peter was also previously a Partner in Corporate Finance & Restructuring at Ernst & Young. Peter was appointed to the Board of Walsh & Company Investments Limited on 19 December 2019.

Peter has a Bachelor of Business from the University of Technology Sydney, an Executive MBA from AGSM, is a member of Chartered Accountants Australia and New Zealand, a Fellow of FINSIA and a Graduate Member of the Australian Institute of Company Directors.

## PRINCIPAL ACTIVITIES

The Fund is a registered managed investment scheme structured as a closed end unit trust that is domiciled in Australia and quoted on the Australian Securities Exchange (**ASX**) (ticker code: **EGD**). The registered office and principal place of business of the Responsible Entity of the Fund is located at Level 15, 100 Pacific Highway, North Sydney, NSW, 2060.

The principal activity of the Fund during the financial period was to provide investors with long-term capital growth through investments with characteristics of disruptive innovation.

There were no significant changes in the nature of this activity during the year.

## REVIEW OF FINANCIAL RESULTS AND OPERATIONS

### A) FINANCIAL RESULTS FOR THE PERIOD

The performance of the Fund, as represented by the results of its operations for the relevant year ended 30 June, were as follows:

	2020	2019
<b>Results</b>		
Total net investment income (\$)	73,692,580	16,822,825
Total expenses (\$)	(3,855,416)	(3,886,121)
<b>Net profit (\$)</b>	<b>69,837,164</b>	<b>12,936,704</b>
<b>Distributions</b>		
Distributions payable (\$)	14,765,895	-
Distributions payable (cents per unit)	15.0	-
<b>Net asset value</b>		
Net asset value per unit (dollars per unit) (\$)	2.70	2.16

### B) PERFORMANCE RETURNS

The performance returns shown in the table below are for the relevant periods ended 30 June, and have been calculated using the net asset value per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions. The returns are calculated monthly and compounded to produce longer period returns.

	2020 %	2019 %
<b>Performance</b>		
Growth return <sup>(i)</sup>	24.8	5.30
Distribution return <sup>(ii)</sup>	6.9	–
<b>Total return <sup>(iii)</sup></b>	<b>31.7</b>	<b>5.30</b>

(i) The Growth return is calculated as a percentage by dividing the end of period net asset value per unit by the net asset value per unit at the start of the period minus 1.

(ii) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

(iii) The Total return is calculated as a percentage by dividing the end of period net asset value per unit (cum-distribution) by the net asset value per unit at the start of the period minus 1.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Fund during the financial year.

## FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Fund is not expected to change in the foreseeable future, however the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

## OPTIONS

No options were granted over issued or unissued units in the Fund during, or since, the end of the year.

## INDEMNITY AND INSURANCE

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid, during or since the end of the financial period, for all of the directors of the Responsible Entity of the Fund. The contract of the insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for the auditor of the Fund.

## **ENVIRONMENTAL REGULATION**

The Fund is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## **FUND ASSETS**

The value of the Fund's assets is disclosed in the Statement of financial position and derived using the basis set out in Note 3 to the financial statements.

## **INTERESTS HELD BY THE RESPONSIBLE ENTITY AND DIRECTORS**

The number of units in the Fund held by the Responsible Entity, their related parties and Directors at the date of this report are disclosed in Note 14 to the financial statements.

## **INTERESTS IN THE FUND**

The movement in units on issue in the Fund during the financial period is disclosed in Note 11 of the financial statements.

The values of the Fund's assets are disclosed on the Statement of financial position and derived using the basis set out in Note 3 of the financial statements.

## **FEES PAID TO THE RESPONSIBLE ENTITY OR ITS ASSOCIATES**

Fees paid to the Responsible Entity and its associates out of Fund assets during the financial period are disclosed in Note 14 to the financial statements.

No fees were paid out of Fund assets to the Directors of the Responsible Entity during the financial year.

## EVENTS SUBSEQUENT TO REPORTING PERIOD

On 25 August 2020, the Responsible Entity of the Fund announced that it is exploring changing the Fund from a closed-ended listed unit trust to an open-ended unlisted unit trust in an effort to optimise the structure of the Fund for growth. As part of this review, the Responsible Entity will be assessing the options available, including continuing with status quo or changing to an open-ended unlisted structure that allows continuous applications and redemptions at the Fund's net tangible asset value per unit (subject to a buy/sell spread). The Responsible Entity will give further consideration to the advantages and disadvantages of each option before putting a proposal to unitholders for approval.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may significantly affect, the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

## 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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Stuart Nisbett**  
**Chairman of Walsh & Company Investments Limited, Responsible Entity**

26 August 2020

# Auditor's Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2020

**Deloitte.**

Deloitte Touche Tohmatsu  
A.B.N. 74 480 121 060

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Sydney NSW 2000  
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The Board of Directors  
Evans & Partners Global Disruption Fund  
Level 15, 100 Pacific Highway  
North Sydney NSW 2060

26 August 2020

Dear Board Members

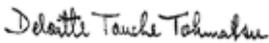
## Evans & Partners Global Disruption Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of the Evans & Partners Global Disruption Fund.

As lead audit partner for the audit of the financial statements of the Evans & Partners Global Disruption Fund for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching  
Partner  
Chartered Accountants

# Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 \$	2019 \$
<b>Investment income</b>			
Dividend and distribution income		969,082	880,962
Interest income		46,956	162,305
Net gain on financial assets at fair value through profit or loss		73,359,062	14,558,456
Net foreign currency (losses)/gains		(682,520)	1,221,102
<b>Total net investment income</b>		<b>73,692,580</b>	<b>16,822,825</b>
<b>Expenses</b>			
Management and administration fees	14	(3,361,173)	(3,442,983)
Professional fees		(271,961)	(172,065)
Listing and registry expenses		(107,259)	(150,292)
Investment transaction costs	14	(94,848)	(51,655)
Other expenses		(20,175)	(69,126)
<b>Total expenses</b>		<b>(3,855,416)</b>	<b>(3,886,121)</b>
<b>Profit before income tax expense</b>		<b>69,837,164</b>	<b>12,936,704</b>
Income tax expense		-	-
<b>Profit after income tax expense for the year</b>		<b>69,837,164</b>	<b>12,936,704</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>69,837,164</b>	<b>12,936,704</b>
		<b>CENTS</b>	<b>CENTS</b>
Basic earnings per unit	6	64.50	10.24
Diluted earnings per unit	6	64.50	10.24

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 \$
<b>Assets</b>			
Cash and cash equivalents	7	32,486,809	28,991,113
Receivables	8	185,600	153,391
Financial assets	9	247,714,218	235,964,633
<b>Total assets</b>		<b>280,386,627</b>	<b>265,109,137</b>
<b>Liabilities</b>			
Payables	10	114,363	308,808
Distributions payable		14,765,895	-
Unsettled buy-backs		-	291,347
<b>Total liabilities</b>		<b>14,880,258</b>	<b>600,155</b>
<b>Net assets</b>		<b>265,506,369</b>	<b>264,508,982</b>
<b>Equity</b>			
Issued capital	11	137,993,074	192,066,956
Retained earnings		127,513,295	72,442,026
<b>Total equity</b>		<b>265,506,369</b>	<b>264,508,982</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	ISSUED CAPITAL \$	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 7 June 2018	195,547,713	59,505,322	255,053,035
Profit after income tax expense for the year	-	12,936,704	12,936,704
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	12,936,704	12,936,704
<b>Transactions with unitholders in their capacity as unitholders:</b>			
Issued capital (Note 11)	7,739,258	-	7,739,258
Issue costs (Note 11)	(22,837)	-	(22,837)
Unit buy-backs (Note 11)	(11,168,559)	-	(11,168,559)
Buy-back costs (Notes 11 and 14)	(28,619)	-	(28,619)
<b>Balance at 30 June 2019</b>	<b>192,066,956</b>	<b>72,442,026</b>	<b>264,508,982</b>
	ISSUED CAPITAL \$	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2019	192,066,956	72,442,026	264,508,982
Profit after income tax expense for the year	-	69,837,164	69,837,164
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	69,837,164	69,837,164
<b>Transactions with unitholders in their capacity as unitholders:</b>			
Unit buy-backs (Note 11)	(53,935,671)	-	(53,935,671)
Buy-back costs (Notes 11 and 14)	(138,211)	-	(138,211)
Distributions paid or payable (Note 5)	-	(14,765,895)	(14,765,895)
<b>Balance at 30 June 2020</b>	<b>137,993,074</b>	<b>127,513,295</b>	<b>265,506,369</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Interest income received		62,369	152,594
Dividends and distributions received		941,725	937,235
Payments to suppliers		(328,012)	(21,263)
Management and administration fees paid		(3,645,890)	(3,732,814)
<b>Net cash used in operating activities</b>	15	<b>(2,969,808)</b>	<b>(2,664,248)</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(68,554,724)	(115,172,051)
Receipts from disposal of investments		129,804,146	126,867,235
<b>Net cash from investing activities</b>		<b>61,249,422</b>	<b>11,695,184</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units	11	-	7,739,258
Payments for unit buy-backs	11	(54,227,018)	(10,877,212)
Unit issue transaction and buy-back costs	11	(138,211)	(81,812)
Distributions paid	5	-	(4,969,551)
<b>Net cash used in financing activities</b>		<b>(54,365,229)</b>	<b>(8,189,317)</b>
Net increase in cash and cash equivalents		3,914,385	841,619
Cash and cash equivalents at the beginning of the financial year		28,991,113	26,856,797
Effects of exchange rate changes on cash and cash equivalents		(418,689)	1,292,697
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>32,486,809</b>	<b>28,991,113</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

30 JUNE 2020

## 1. GENERAL INFORMATION

Evans & Partners Global Disruption Fund (**the Fund**) is a registered managed investment scheme domiciled in Australia. The investment objective of the Fund is to provide investors with capital growth over the long-term through exposure to international and Australian securities that will benefit from disruptive innovation.

The Fund elected into the Attribution Managed Investment Trust (**AMIT**) regime since registration.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2020. The directors have the power to amend and reissue the financial statements.

## 2. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

### ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to their operations and effective for the current year. The impact of the adoption is not material to the Fund's financial report in the current or future reporting periods and on foreseeable future transactions.

### ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

New standards, amendments to standards and interpretations that are effective for annual reporting periods beginning on or after 1 January 2020 have not been early adopted in preparing these financial statements. There are no standards that are not yet effective and that are expected to have a material impact on the Fund.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and are based on historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

#### STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the AASB and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Fund comply with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The following accounting policies have been adopted in the preparation and presentation of the financial report.

#### FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of the Fund is Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the Statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of profit or loss and other comprehensive income. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the Statement of profit or loss and other comprehensive income.

## INVESTMENT INCOME

### *Dividend income*

Dividend income is recognised when the right to receive a dividend has been established.

### *Interest income*

Interest income is recognised in profit or loss using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Net change in fair value of investments*

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of profit or loss and other comprehensive income.

## TAXES

### *Income tax*

The Fund was a flow through entity for Australian income tax purposes and elected into the Attributed Managed Investment Trusts rules from the 2018 income year, such that determined trust components of the Fund will be taxable in the hands of the unitholders on an attribution basis.

The Fund primarily invests in international securities and may incur reclaimable withholding tax by certain countries on investment income and realised gains. Such income is recorded gross of withholding tax in the Statement of profit or loss and other comprehensive income.

### *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

The Fund qualifies for reduced input tax credits at a minimum of 55%.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable.

Cash flows are presented in the Statement of cash flows on a gross basis.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## RECEIVABLES

Receivables include balances due from brokers, dividends and distributions receivable, reduced input tax credit receivable and other receivables. Amounts are generally received within 30 days of being accrued for. Receivable amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

The amount of the impairment loss is recognised in profit or loss within other operating expenses. When receivables for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

## FINANCIAL INSTRUMENTS

Financial instruments, incorporating financial assets and financial liabilities, are recognised on trade date, when the Fund becomes a party to the contractual provisions of the instrument.

The Fund classifies its investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund evaluates the information about its investments on a fair value basis together with other related financial information.

The Fund holds financial assets comprising equity securities. These securities are mandatorily classified as fair value through profit or loss.

### ***Financial assets***

Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of profit or loss and other comprehensive income. Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of profit or

loss and other comprehensive income. Financial assets not at fair value through profit or loss, including receivables, are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue and are subsequently measured at amortised cost using the effective interest rate method and are assessed for impairment based on the expected credit loss model.

### ***Financial liabilities***

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of profit or loss and other comprehensive income. Financial liabilities not at fair value through profit or loss, including payables, are measured initially at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

### ***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire.

### ***Fair value***

The fair value of equity securities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and securities held by the Fund is the current bid price, and the quoted market price for financial liabilities is the current asking price.

## **TRADE AND OTHER PAYABLES**

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods or services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

## **ISSUED CAPITAL**

### ***Ordinary units***

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of the ordinary units are recognised as a deduction from equity.

### **Distributions to unitholders**

The Fund elected into the AMIT regime effective from the date of registration. Under the Constitution, distributions to unitholders are on an attribution basis.

Distributions to unitholders are recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the Board of the Responsible Entity on or before the end of the financial period. A distribution payable is recognised in the Statement of financial position where the amount is not yet distributed at balance date.

### **EARNINGS PER UNIT**

#### ***Basic and diluted earnings per unit***

Basic earnings per unit is determined by dividing the profit or loss excluding any cost of servicing equity other than ordinary units by the weighted average number of ordinary units outstanding during the financial period. Diluted earnings per unit is the same as basic earnings per unit because there are no dilutive potential ordinary units.

### **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best-available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Fund. The expected credit loss (ECL) impairment model has not materially impacted the Fund.

## **4. OPERATING SEGMENTS**

The Fund operates in Australia. Its investments are managed on a single portfolio basis and in one business segment being equity investment. The Fund continues to have foreign exposures as it invests in companies which operate internationally.

## **5. DISTRIBUTIONS**

Distributions declared during the financial period were as follows:

	2020 \$	2019 \$
<b>Distribution - 15 cents per unit paid on 31 July 2020</b>	<b>14,765,895</b>	<b>-</b>

The Fund's Distribution Reinvestment Plan (DRP) was available to eligible unitholders during the year ended 30 June 2020.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund. Units are issued and/or transferred to DRP participants at a price that is determined by the Responsible Entity in accordance with the DRP Rules.

## 6. EARNINGS PER UNIT

	2020 \$	2019 \$
Profit after income tax	69,837,164	12,936,704
	NUMBER	NUMBER
Weighted average number of ordinary units used in calculating basic earnings per unit	108,274,103	126,298,499
Weighted average number of ordinary units used in calculating diluted earnings per unit	108,274,103	126,298,499
	CENTS	CENTS
Basic earnings per unit	64.50	10.24
Diluted earnings per unit	64.50	10.24

## 7. CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash at bank	32,486,809	28,991,113

## 8. RECEIVABLES

	2020 \$	2019 \$
Dividends receivable	106,141	78,784
Interest receivable	1,293	16,706
GST receivable	78,166	57,901
	<b>185,600</b>	<b>153,391</b>

## 9. FINANCIAL ASSETS

	2020 \$	2019 \$
<b>Equity investments – listed</b>	<b>247,714,218</b>	<b>235,964,633</b>

Refer to Note 13 for further information on fair value measurement.

The market values of the individual investments held at the end of the reporting period are set out immediately before the Unitholder Information.

## 10. PAYABLES

	2020 \$	2019 \$
Accrued expenses	114,363	308,808

Refer to Note 12 for further information on financial instruments.

## 11. ISSUED CAPITAL

	2020 UNITS	2019 UNITS	2020 \$	2019 \$
Ordinary units – fully paid	98,439,297	122,398,097	137,993,074	192,066,956

### MOVEMENTS IN ORDINARY UNIT CAPITAL

DETAILS	DATE	UNITS	\$
<b>Balance</b>	<b>30 June 2018</b>	<b>124,238,777</b>	<b>195,547,713</b>
Issue of ordinary units at \$2.08 per unit (distribution reinvested)	3 August 2018	646,882	1,346,874
Issue of ordinary units at \$2.17 per unit	5 October 2018	2,945,799	6,392,384
Unit buy-backs		(5,433,361)	(11,168,559)
Buy-back costs		-	(22,837)
Issue costs		-	(28,619)
<b>Balance</b>	<b>30 June 2019</b>	<b>122,398,097</b>	<b>192,066,956</b>
Unit buy-backs		(23,958,800)	(53,935,671)
Buy-back costs		-	(138,211)
<b>Balance</b>	<b>30 June 2020</b>	<b>98,439,297</b>	<b>137,993,074</b>

## ORDINARY UNITS

All issued units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions declared from time to time by the Responsible Entity.

## UNIT BUY-BACK

There is a current on-market unit buy-back.

## CAPITAL MANAGEMENT

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital net of issue and buy-back costs amounting to \$137,993,074 as at 30 June 2020 (2019: \$192,066,956). The Fund is not subject to any externally imposed capital requirements.

# 12. FINANCIAL INSTRUMENTS

## FINANCIAL RISK MANAGEMENT

The Fund's financial instruments primarily comprise of listed equity investments. The Fund's investment objective is to achieve long term capital growth through exposure to companies that will benefit from disruptive innovation, in accordance with its investment strategy (as stipulated in the Fund's current Product Disclosure Statement and Constitution). The main risks the Fund is exposed to through its financial instruments are market risk (including foreign currency risk, equity price risk and interest rate risk), credit risk and liquidity risk.

The Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

## MARKET RISK

### *Foreign currency risk*

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US dollars (**USD**), Hong Kong dollars (**HKD**) and Danish Krone (**DKK**). Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Fund's financial assets or liabilities denominated in currencies other than the Australian dollar.

The Fund's total net exposure to fluctuations in foreign currency exchanges rates at Statement of financial position date was:

	2020		2019	
	\$	%	\$	%
USD	246,083,882	90	234,171,524	95
HKD	20,072,599	7	12,886,440	5
DKK	7,319,249	3	-	-
	<b>273,475,730</b>		<b>247,057,964</b>	

The remaining net carrying value of the Fund's financial assets and financial liabilities not disclosed above are in Australian currency.

The Fund has performed sensitivity analysis relating to its exposure to its currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which would result from a change in these risks on financial assets and financial liabilities, with all other variables remaining constant, as follows:

2020	AUD STRENGTHENED			AUD WEAKENED		
	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Financial assets and financial liabilities	5%	(13,022,654)	(13,022,654)	(5%)	14,393,459	14,393,459

2019	AUD STRENGTHENED			AUD WEAKENED		
	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Financial assets and financial liabilities	5%	(11,764,665)	(11,764,665)	(5%)	13,003,051	13,003,051

**Equity price risk**

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual securities. The equity price risk exposure arises from the Fund's investments in equity securities. The Investment Manager manages the Fund's equity price risk in accordance with the Fund's investment objectives and policies, as detailed in the current Product Disclosure Statement.

As the majority of the Fund's financial instruments are carried at fair value with changes in fair value recognised in the Statement of profit or loss and other comprehensive income, all changes in market conditions will directly affect investment income.

The following table illustrates the effect on profit before tax and equity from possible changes in the value of equity investments, with all other variables remaining constant.

2020	AVERAGE PRICE INCREASE			AVERAGE PRICE DECREASE		
	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Equity investments	5%	12,385,711	12,385,711	(5%)	(12,385,711)	(12,385,711)

2019	AVERAGE PRICE INCREASE			AVERAGE PRICE DECREASE		
	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Equity investments	5%	11,798,232	11,798,232	(5%)	(11,798,232)	(11,798,232)

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk on its variable rate cash deposits. The Fund currently does not hedge against this exposure.

The Fund's exposure to interest rate risk is limited to cash deposits. At 30 June 2020, approximately 88.4% of the financial assets were non-interest bearing and 11.6% of the financial assets were at a floating rate, represented by the cash and cash equivalents balance on the Statement of financial position.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial assets that are subject to variable interest rates:

2020	1% INCREASE		1% DECREASE	
	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Cash at bank	324,868	324,868	(324,868)	(324,868)

2019	1% INCREASE		1% DECREASE	
	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Cash at bank	289,911	289,911	(289,911)	(289,911)

The Fund does not hold significant cash balances exposed to interest rates in other currencies and does not have any borrowings or other financial liabilities or assets with direct exposure to changes in interest rates.

### CREDIT RISK

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund is exposed to credit risk primarily from cash and cash equivalents. Other credit risk arising from outstanding settlements is considered small due to the short settlement period involved.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider relevant, historical analysis and forward looking information in determining any expected credit losses.

At the reporting date, all receivables and cash and cash equivalents are held with approved counterparties and are either callable on demand or due within 30 days. Management consider the probability of default to be low and, as a result, no loss allowance has been recognised based on 12 months expected credit losses as any such impairment would be wholly insignificant to the Fund.

The clearing and depository operations of the Fund's security transactions are mainly concentrated with one counterparty, JP Morgan. As at 30 June 2020, all investments and substantially all cash is held in custody by JP Morgan, which holds a long term issuer credit rating of A+ (Moody's rating). The remaining cash at 30 June 2020 is held with financial institutions that have a credit rating of at least A.

## LIQUIDITY RISK

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's exposure to liquidity risk is minimal. The risk is managed by ensuring that sufficient cash and cash equivalents is maintained to meet ongoing operating requirements and investments are primarily held in actively traded markets. The majority of the Fund's listed securities are considered readily realisable as they are listed on global Stock Exchanges.

### *Remaining contractual maturities*

The following are contractual maturities of financial liabilities:

2020	6 MONTHS OR LESS \$	6 MONTHS TO 1 YEAR \$	REMAINING CONTRACTUAL MATURITIES \$
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Payables	(114,363)	-	(114,363)
Distributions payable	(14,765,895)	-	(14,765,895)
<b>Total non-derivatives</b>	<b>(14,880,258)</b>	<b>-</b>	<b>(14,880,258)</b>
2019	6 MONTHS OR LESS \$	6 MONTHS TO 1 YEAR \$	REMAINING CONTRACTUAL MATURITIES \$
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Payables	(600,155)	-	(600,155)
<b>Total non-derivatives</b>	<b>(600,155)</b>	<b>-</b>	<b>(600,155)</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

### 13. FAIR VALUE MEASUREMENT

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the Statement of financial position and in the notes to the financial statements.

The fair values of:

- other assets and other liabilities approximate their carrying value;
- listed securities included in “Equity Investments” are readily traded on the Stock Exchanges in a standardised form globally. The net fair value of listed securities is determined by valuing them at the last quoted sale price as at the end of the reporting period.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

**Level 3:** unobservable inputs for the asset or liability.

2020	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
<b>Financial assets at fair value through profit or loss</b>				
Equity investments - listed	247,714,218	-	-	247,714,218
<b>Total assets</b>	<b>247,714,218</b>	<b>-</b>	<b>-</b>	<b>247,714,218</b>

2019	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
<b>Financial assets at fair value through profit or loss a</b>				
Equity investments - listed	235,964,633	-	-	235,964,633
<b>Total assets</b>	<b>235,964,633</b>	<b>-</b>	<b>-</b>	<b>235,964,633</b>

There were no transfers between levels during the financial period.

While the COVID-19 pandemic has caused uncertainty and market volatility during the period, the Fund has continued to follow its established policies and process (as set out in this note) in managing risk and determining the fair value of the financial assets and liabilities as at the reporting date. No changes were required to the principles used in applying the fair value measurement hierarchy to financial assets and liabilities held, with each asset and liability continuing to be classified in a manner which reflects the significance and observability of the inputs used in the valuation.

## 14. RELATED PARTY TRANSACTIONS

### KEY MANAGEMENT PERSONNEL

Stuart Nisbett, Warwick Keneally, Mike Adams and Peter Shear are directors of the Responsible Entity, Walsh & Company Investments Limited, and are deemed to be key management personnel. Alex MacLachlan resigned as director of the Responsible Entity effective 19 December 2019.

The key management personnel do not receive compensation from the Fund or from the Responsible Entity directly for their management function performed for the Fund.

As at the reporting date, details of directors who hold units for their own benefit or who have an interest in holdings through a third party and the total number of such units held are listed as follows:

	2020 UNITS	2019 UNITS
Alex MacLachlan (Resigned 19 December 2019)	-	50,000
Warwick Keneally	7,771	7,771
	<b>7,771</b>	<b>57,771</b>

## RELATED PARTY INVESTMENTS IN THE FUND

The Responsible Entity or its associates does not hold any investments in the Fund.

## RESPONSIBLE ENTITY SERVICES

### *Responsible Entity and Administration fee*

The Responsible Entity's duties include establishing the compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund. As Responsible Entity, Walsh & Company Investments Limited charged a fee of 0.33% per annum (inclusive of the net effect of GST) of the gross asset value of the Fund, representing a Responsible Entity fee of 0.08% (exclusive of GST) per annum and an Administration fee of 0.25% per annum (exclusive of GST).

Total Responsible Entity and Administration fees paid or payable to the Responsible Entity for the period ended 30 June 2020 were \$858,519 (2019: \$868,760), exclusive of GST, and included in management and administration fees in profit or loss.

### *Custodial services*

The Responsible Entity provided custodial services, together with JP Morgan, to the Fund in its personal capacity under a custody arrangement with Walsh & Company Investments Limited during the period up to 19 December 2019. The Responsible Entity bears this cost and, as such, there were no related party custody fees paid out of the assets of the Fund.

Effective 19 December 2019, the Fund's custodial services were fully outsourced to external service providers.

### *Fund Administration services*

Australian Fund Accounting Services Pty Limited, a related party of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. The Responsible Entity bears the cost of the fund administration services and, as such, there were no fund administration fees paid out of the assets of the Fund.

## INVESTMENT MANAGEMENT FEE

The Investment Manager provides investment management services to the Fund, including overseeing the assessment of market conditions and investment opportunities, the selection and recommendation of investments, monitoring the Funds' investment portfolio, and determining and recommending the retention or sale of investment in the Fund's portfolio.

In connection with the provision of services as Investment Manager, Evans and Partners Investment Management Pty Limited, a related party of the Responsible Entity, received an Investment Management fee of 0.95% per annum (exclusive of GST) of the gross asset value of the Fund.

Total Investment Management fees paid or payable to the related party of the Responsible Entity for the period ended 30 June 2020 were \$2,471,902 (2019: \$2,447,756), exclusive of GST, and included in management and administration fees in profit or loss.

## LEGAL AND CONSULTING SERVICES

Effective January 2020, the Responsible Entity entered into an agreement with MDA1 Pty Limited, trading as MA Law, to provide legal and consulting services to the Responsible Entity and the investment schemes under its control. Mike Adams, a director of the Responsible Entity, is also a director and shareholder of MDA1 Pty Limited. Mike Adams previously provided similar services as an employee of a non-related entity to the Fund. The fees paid or payable for the year ended 30 June 2020 were nil (2019: nil).

## BROKERAGE FEE

Dixon Advisory & Superannuation Services Limited, a related party of the Responsible Entity, was engaged as a broker by the Fund and received brokerage of 0.25% on all transactions undertaken as part of the Fund's buy-back program up to 1 October 2019.

Effective 1 October 2019, Evans & Partners Pty Ltd, also a related party of the Responsible Entity and broker of the Fund, was engaged to provide brokerage under the Fund's buy-back program. There was no change in the brokerage fee structure under the buy-back program as a result of the change in brokers.

Total brokerage fee paid or payable to the related party of the Responsible Entity for the year ended 30 June 2020 was \$134,839 (2019: \$27,921), exclusive of GST, and recognised as buy-back costs in changes in equity.

## INVESTMENT TRANSACTION COSTS

Evans & Partners Pty Ltd, a related party of the Responsible Entity, receives brokerage of 0.10% (excluding GST) on all transactions in Australian equities undertaken by the Fund.

Total investment transaction costs paid or payable to the related party of the Responsible Entity for the year ended 30 June 2020 was \$19,959 (2019: \$15,960), exclusive of GST, and recognised as investment transaction costs in profit or loss.

## 15. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2020 \$	2019 \$
Profit after income tax expense for the year	69,837,164	12,936,704
<b>Adjustments for:</b>		
Net gain on financial assets at fair value through profit or loss	(73,359,062)	(14,558,456)
Transaction costs	96,224	50,062
Foreign currency movements	682,520	(1,221,102)
<b>Change in operating assets and liabilities:</b>		
Increase in receivables	(32,209)	(61,938)
(Decrease)/increase in payables	(194,445)	190,482
<b>Net cash used in operating activities</b>	<b>(2,969,808)</b>	<b>(2,664,248)</b>

## 16. REMUNERATION OF AUDITOR

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Fund:

	2020 \$	2019 \$
<b>Audit services - Deloitte Touche Tohmatsu</b>		
Audit or review of the financial statements	39,651	39,279
<b>Other services - Deloitte Touche Tohmatsu</b>		
Taxation services	4,500	-
	<b>44,151</b>	<b>39,279</b>

## 17. EVENTS AFTER THE REPORTING PERIOD

On 25 August 2020, the Responsible Entity of the Fund announced that it is exploring changing the Fund from a closed-ended listed unit trust to an open-ended unlisted unit trust in an effort to optimise the structure of the Fund for growth. As part of this review, the Responsible Entity will be assessing the options available, including continuing with status quo or changing to an open-ended unlisted structure that allows continuous applications and redemptions at the Fund's net tangible asset value per unit (subject to a buy/sell spread). The Responsible Entity will give further consideration to the advantages and disadvantages of each option before putting a proposal to unitholders for approval.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may significantly affect, the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

# Directors' Declaration

30 JUNE 2020

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 3 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Stuart Nisbett**

**Chairman of Walsh & Company Investments Limited, Responsible Entity**

26 August 2020

# Independent Auditor's Report

TO THE UNITHOLDERS OF EVANS & PARTNERS  
GLOBAL DISRUPTION FUND – 30 JUNE 2020

## Deloitte.

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Grosvenor Place  
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Sydney, NSW, 2000  
Australia

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### Independent Auditor's Report to the unitholders of Evans & Partners Global Disruption Fund

#### Opinion

We have audited the financial report of Evans & Partners Global Disruption Fund (the "Fund") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its financial performance for the period then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Walsh & Co Investments Limited (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Existence and valuation of financial assets held at fair value through profit or loss</i></p> <p>As at 30 June 2020, the Fund's financial assets held at fair value through profit or loss comprised of equity investments in listed entities totalling \$247.7 million as disclosed in Note 9.</p> <p>These are the Fund's largest assets and they represent the most significant driver of the Fund's performance.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the key processes adopted by management to determine the existence and fair value of the Fund's listed equity investments;</li> <li>• Agreeing on a sample basis, the investment holdings to external custodian holdings statement; and</li> <li>• Agreeing on a sample basis, the fair value of listed equity investments to an observable pricing source.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 9 to the financial statements.</p>

### *Other Information*

The directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

### *Responsibilities of the Directors for the Financial Report*

The directors are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund 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 Fund or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

## Deloitte.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Weng W Ching*

Weng W Ching  
Partner  
Chartered Accountants  
Sydney, 26 August 2020

# Investments in Market Value

30 JUNE 2020

## INVESTMENTS

The investments held by the Fund are:

INVESTMENTS	MARKET VALUE	
	\$	%
Adobe Systems Inc	11,104,410	4%
Afterpay Touch Group	3,351,035	1%
Alibaba Group Holding Ltd	19,197,394	8%
Alphabet Inc	20,526,084	8%
Amazon.com Inc	26,820,862	11%
ASML Holding NV	10,446,444	4%
Facebook Inc	10,575,547	4%
Illumina Inc	6,365,105	3%
Mastercard Inc	7,806,514	3%
Microsoft Corporation	24,536,177	10%
Netflix Inc	9,007,854	4%
Orsted	7,317,897	3%
PayPal Holdings Inc	15,810,685	6%
Salesforce.com Inc	11,965,728	5%
Servicenow Inc	9,720,736	4%
Spotify Technology SA	10,392,680	4%
Taiwan Semiconductor	8,945,696	4%
Tencent Holdings Ltd	20,072,599	8%
Trade Desk Inc	4,594,988	2%
Uber	5,405,389	2%
Zoom Video Communications	3,750,394	2%
<b>Total financial assets</b>	<b>247,714,218</b>	

## TRANSACTIONS

The total number of transactions in Fund securities during the reporting period was 141.

# Unitholder Information

The unitholder information set out below was applicable as at 31 July 2020.

## DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY UNITS
1 to 1,000	114
1,001 to 5,000	386
5,001 to 10,000	672
10,001 to 100,000	2,586
100,001 and over	83
	<b>3,841</b>
Holding less than a marketable parcel	27

## EQUITY SECURITY HOLDERS

### TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of quoted equity securities are listed below:

	NUMBER HELD	ORDINARY UNITS % OF TOTAL UNITS ISSUED
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,549,045	3.57
LEANGANOOK PTY LTD LEANGANOOK S/F A/C	468,750	0.47
NETWEALTH INVESTMENTS LIMITED WRAP SERVICES A/C	380,446	0.38
ASPIRING CO PTY LTD THODEY FAMILY A/C	343,750	0.35
ROMEDIC PTY LTD JAMES YATES MEDICAL S/F A/C	312,500	0.31
ZONDA CAPITAL PTY LTD FLINDERS FAMILY A/C	312,500	0.31

## ORDINARY UNITS

	NUMBER HELD	% OF TOTAL UNITS ISSUED
ROSEBANK STAFF SUPER FUND PTY LTD		
ROSEBANK STAFF S/FUND A/C	307,500	0.31
ISS NOMINEES PTY LIMITED ISS SUPERANNUATION FUND A/C	295,495	0.30
MR RICHARD JOHN DONALD OLIVER	255,300	0.26
J & V KING PTY LTD JOHN G. KING S/F A/C	234,941	0.24
ASSESS PTY LTD ARISTIDES FAMILY A/C	218,750	0.22
DICKENS PTY LTD THE DICKENS A/C	208,550	0.21
MR DAVID RINGELBLUM & MS RUTH MIRIAM BOLTMAN D RINGLEBLUM P/L S/FUND A/C	200,000	0.20
MR RICHARD GRANT OLIVER	195,000	0.20
DONRA INVESTMENTS PTY LTD DONRA INVESTMENT A/C	192,450	0.19
18 ST GEORGES ROAD PTY LTD 18 ST GEORGES SUPER A/C	179,000	0.18
MR ROBERT WARRAND LIDDLE	176,300	0.18
MRS LAUREL EVELINE HARRISON & DR JOHN MARTIN HARRISON HARRISON SUPER FUND A/C	172,000	0.17
MR DANIEL GEZA BEDO & MRS CATHERINE BEDO THE BEDO SUPER FUND A/C	168,477	0.17
B & J HALLIDAY SUPER PTY LTD HALLIDAY SUPER FUND A/C	162,075	0.16
	<b>8,332,829</b>	<b>8.38</b>

## UNQUOTED EQUITY SECURITIES

There are no unquoted equity securities.

## SUBSTANTIAL HOLDERS

There are no substantial holders in the Fund.

## VOTING RIGHTS

The voting rights attached to ordinary units are set out below:

### ORDINARY UNITS

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

There are no other classes of equity securities.

## MANAGEMENT AGREEMENT SUMMARY

Evans and Partners Investment Management Pty Limited (ACN 619 080 045) (**Investment Manager**) has been appointed to act as investment manager for the Evans & Partners Global Disruption Fund (**Fund**) under an Investment Management Agreement (**Investment Management Agreement** or **IMA**) dated 7 June 2017 between Evans and Partners Investment Management Pty Limited as the Investment Manager and Walsh & Company Investments Limited (**Responsible Entity**) as Responsible Entity of the Fund.

The IMA is for an Initial Term commencing on the date of the agreement, 7 June 2017, and expiring on the date 10 years after the commencement date, unless terminated earlier in accordance with its terms.

Under the IMA, the Investment Manager is entitled to be paid a monthly management fee of 2% (inclusive of the net effect of GST) per annum of the gross asset value of the Portfolio calculated at the end of the month preceding the date of payment of the management fee. On 8 June 2017, the Investment Manager has agreed to receive a reduced investment management fee of 0.95% (inclusive of the net effect of GST) per annum of the gross asset value of the Fund.

# Corporate Directory

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).

**The ASX code is EGD.**

## RESPONSIBLE ENTITY

Walsh & Company Investments Limited

(ACN 152 367 649)

(AFSL 410 433)

Registered & Principal Office

Level 15, 100 Pacific Highway

NORTH SYDNEY NSW 2060

**T** 1300 454 801

**F** 1300 883 159

## DIRECTORS

Stuart Nisbett

Warwick Keneally

Mike Adams

Peter Shear

## SECRETARIES

Hannah Chan

Caroline Purtell

## REGISTERED OFFICE

Level 15, 100 Pacific Highway

NORTH SYDNEY NSW 2060

**T** 1300 454 801

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[www.globaldisruptionfund.com.au](http://www.globaldisruptionfund.com.au)

## UNIT REGISTER

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**T** +61 2 9290 9600 (International)

**F** 1300 653 459

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## AUDITOR

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## BANKERS

Macquarie Bank

ANZ Bank

J.P. Morgan

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**GLOBAL  
DISRUPTION  
FUND**

[www.epgdf.com.au](http://www.epgdf.com.au)