

 | ELEVATION CAPITAL<sup>®</sup> | GLOBAL SHARES FUND

*Financial Statements*  
*31 March 2020*

Elevation Capital Global Shares Fund  
Financial Statements  
For the year ended 31 March 2020

## Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Elevation Capital Global Shares Fund as at 31 March 2020 and the results for the year ended on that date in accordance with the requirements of the Elevation Capital Unit Trusts Master Trust Deed dated 11 November 2016.

The directors are of the opinion that the Elevation Capital Global Shares Fund will be able to pay its debts as and when they fall due.

Director

Elevation Capital Management Limited

3 July 2020

A handwritten signature in blue ink, appearing to read 'C. W. ...', is written over a horizontal line. The signature is stylized and somewhat illegible.

## Additional Unitholder Information

### Notice of Trust Deed Amendment

Under clause 32.2 of the Trust Deed governing the Elevation Capital Global Shares Fund, the Manager, Elevation Capital Management Limited, is required to advise unitholders in summary form of any amendments to the Trust Deed.

The Establishment Deed was amended on 31 July 2019. The only change was to the Fund name.

There has been no amendment to the Trust Deed during the year covered by the Financial Statements.

## Statement of Comprehensive Income

S	For the year ended 31 March	Note	Elevation Capital Global Shares Fund	
			2020	2019
<b>Income</b>				
	Interest income on financial assets at amortised cost		44,371	101,252
	Dividend income		513,673	662,600
	Net (loss)/gain on foreign currency		(19,780)	79,325
	Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	6	(1,437,543)	(370,191)
	Other income		110	4,911
	<b>Total income</b>		<b>(899,169)</b>	<b>477,897</b>
<b>Expenses</b>				
	Management fees	8.2	280,661	357,863
	Supervisor fees	8.2	23,000	23,000
	Administration expenses		43,282	55,600
	Audit fees		15,376	14,789
	Other auditors remuneration - audit related services (in relation to Supervisor Reporting)		2,127	2,047
	Transaction costs		47,040	36,800
	Custody expenses	8.2	10,447	16,441
	Other expenses		35,249	52,009
	<b>Total operating expenses</b>		<b>457,182</b>	<b>558,549</b>
	<b>Operating (loss)/profit</b>		<b>(1,356,351)</b>	<b>(80,652)</b>
	<b>(Loss)/profit for the year attributable to Unitholders</b>		<b>(1,356,351)</b>	<b>(80,652)</b>
	<b>Total comprehensive (loss)/income for the year attributable to Unitholders</b>		<b>(1,356,351)</b>	<b>(80,652)</b>

These statements are to be read in conjunction with the accompanying notes.



## Statement of Changes in Net Assets Attributable to Unitholders

\$	Note	Elevation Capital Global Shares Fund	
		2020	2019
<b>For the year ended 31 March</b>			
<b>Net assets attributable to Unitholders at the beginning of the year</b>		22,878,574	29,723,069
Proceeds from units issued		1,420,511	1,801,989
Redemption of units		(5,386,054)	(7,618,073)
Distributions		(521,930)	(600,341)
Unitholder tax receivables/(liabilities)		(100,507)	(147,418)
<b>Net increase/(decrease) from transaction in units</b>		<b>(4,587,980)</b>	<b>(6,763,843)</b>
Total comprehensive (loss)/income for the year attributable to Unitholders		(1,356,351)	(80,652)
<b>Net assets attributable to Unitholders at the end of the year</b>		<b>16,934,243</b>	<b>22,878,574</b>

Units	Elevation Capital Global Shares Fund	
	2020	2019
<b>For the year ended 31 March</b>		
Units on issue at the beginning of the year	15,763,455	19,652,957
Units issued	990,589	1,054,117
Units redeemed	(3,473,531)	(4,943,619)
<b>Units on issue at the end of the year</b>	<b>13,280,513</b>	<b>15,763,455</b>

These statements are to be read in conjunction with the accompanying notes.



## Statement of Financial Position

S	Elevation Capital Global Shares Fund			
	As at 31 March	Note	2020	2019
<b>Assets</b>				
Cash and cash equivalents			269,252	5,322,956
Financial assets held at fair value through profit or loss	6		16,625,678	17,798,483
Outstanding settlements receivable			292,143	-
Contributions receivable			139,379	60,725
Other receivables			13,022	19,476
Tax receivable on behalf of unitholders			672	536
<b>Total assets</b>			<b>17,340,146</b>	<b>23,202,176</b>
<b>Liabilities</b>				
Related party payables	8.2		20,882	34,141
Distribution payable			116,461	122,564
Withdrawals payable			214,063	81,238
Other payables			19,381	20,882
Tax payable on behalf of unitholders			35,116	64,777
<b>Total liabilities</b>			<b>405,903</b>	<b>323,602</b>
<b>Unitholders' Funds</b>			<b>16,934,243</b>	<b>22,878,574</b>

The Directors of Elevation Capital Management Limited authorised these Financial Statements for issue on 3 July 2020.

Director



These statements are to be read in conjunction with the accompanying notes.



## Statement of Cash Flows

\$	Elevation Capital Global Shares Fund		
	Note	2020	2019
<b>For the year ended 31 March</b>			
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial assets		43,769,195	47,439,827
Purchase of financial assets		(44,326,074)	(43,987,981)
Dividends received		520,127	701,682
Other income		110	4,811
Interest income received		44,371	101,252
Transactions costs paid		(47,040)	(36,800)
Operating expenses paid		(424,903)	(523,065)
<b>Net cash inflow/(outflow) from operating activities</b>	9	<u>(464,214)</u>	<u>3,699,826</u>
<b>Cash flows from financing activities</b>			
Proceeds from units issued		936,387	1,831,282
Redemptions of units		(5,253,229)	(7,608,804)
Unitholders tax liabilities paid		(130,305)	(91,765)
Distributions paid		(122,563)	(184,211)
<b>Net cash (outflow)/inflow from financing activities</b>		<u>(4,569,710)</u>	<u>(6,053,498)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(5,033,924)	(2,353,672)
Cash and cash equivalents at the beginning of the financial year		5,322,956	7,597,303
Foreign exchange gains or losses on cash and cash equivalents denominated in foreign currencies		(19,780)	79,325
<b>Cash and cash equivalents at the end of the financial year</b>		<u>269,252</u>	<u>5,322,956</u>

These statements are to be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

## 1. General information

### Reporting Entities

The reporting entity included in these Financial Statements is the Elevation Capital Global Shares Fund that is referred to throughout these Financial Statements as ("The Fund"). These Financial Statements are for the year ended 31 March 2020.

The Fund was created under a Master Trust Deed executed by Elevation Capital Management Limited on 20 November 2006 and a Unit Trust Establishment Deed between Elevation Capital Management Limited and The New Zealand Guardian Trust Company Limited dated 28 October 2008. The Trust commenced operations on 9 December 2008. The Master Trust Deed was replaced by a new Master Trust Deed dated 11 November 2016. The Establishment Trust deed was replaced by a new Establishment Trust Deed dated 31 July 2019. On 31 July 2019, the Manager and Supervisor approved a change in the Funds' name to Elevation Capital Global Shares Fund (prior to this date known as Elevation Capital Value Fund)- all unitholders were notified of this change.

The Fund's investment activities are managed by Elevation Capital Management Limited (the 'Manager'). The registered office for Elevation Capital Management Limited is 37B George Street, Newmarket, Auckland 1023. The Fund is domiciled in New Zealand.

These Financial Statements were authorised for issue by the Board of Directors of the Manager on 3 July 2020.

### Statutory Base

The Elevation Capital Global Shares Fund is a Managed Investment Scheme as defined by the Financial Markets Conduct Act 2013 and is subject to the provisions of that Act.

The Financial Statements have been prepared in accordance with the Financial Markets Conduct Act 2013 and the Trust Deed.

### Basis of preparation

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. The Financial Statements also comply with International Financial Reporting Standards ("IFRS").

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the directors of the Manager to exercise their judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 3.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements.

### Standards and amendments to existing standards effective 1 April 2019 impacting the Scheme

There are no new standards or amendments to existing standards that are effective for the year commencing on 1 April 2019 that have a material effect on the Financial Statements of the Fund.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated.

### 2.1. Financial instruments

#### (a) Classification

##### Financial assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9 Financial Instruments. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities at fair value through other comprehensive income. As there are no financial instruments designated at fair value upon initial recognition in the Fund, all financial assets measured at fair value are those mandatorily measured at fair value. Financial assets at fair value through profit or loss comprise of listed equities.

##### (ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies.

(b) **Receivables** are amounts representing assets owing to the Fund and may include amounts due for interest or dividends or amounts due from brokers for securities sold that have been contracted for but not yet settled or delivered at year end.

##### Financial liabilities

##### (i) Financial liabilities at amortised cost

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Fund at period end and may include related party fees and withdrawals payable and amounts due to brokers for purchase of unsettled securities at year end.

#### (b) Recognition, measurement and derecognition

##### (i) Financial assets at fair value through profit or loss

The Fund recognises financial assets at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income when they arise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Any gain or loss arising on derecognition of the financial asset at fair value through profit or loss is included in the Statement of Comprehensive Income in the year the item is derecognised.

##### (ii) Financial assets and liabilities at amortised cost

The Fund recognises financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value. Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost less any impairment. Any impairment charge is recognised in the Statement of Comprehensive Income. Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires.





# Notes to the Financial Statements

## (c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the Balance Date. The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

### *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities that are not traded in an active market is derived and determined from quoted prices in markets not considered to be active or, from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, or from inputs that are not based on observable market data. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

## 2.2 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There have been no offset transactions during the year (2019: nil).

## 2.3 Net assets attributable to unitholders

The Fund issues units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. The Fund has classified units as equity instruments in accordance with revised NZ IAS 32, 'Financial Instruments: Presentation'. The Fund continues to assess the classification of the redeemable units to ensure they have all the features or meet all the conditions set out in paragraphs 16A and 16B of NZ IAS 32. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if Unitholders exercised their right to put the units back to the Fund.

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of the units redeemed. There were no entry or exit fees during the year ending 31 March 2020 (31 March 2019: nil). Units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market bid or ask price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

In accordance with the Trust Deed, the Manager has full discretion as to whether to distribute any net income of the Fund. Any distributions are recognised in the Statement of Changes in Net Assets Attributable to Unitholders as distributions. Income that is not distributed is invested as part of the assets of the Fund or may be used to make later distributions to Unitholders.

## 2.4 Investment income

### *Interest income*

Interest income on financial assets at amortised cost is included as interest in profit or loss in the Statement of Comprehensive Income on an accruals basis using the effective interest rate method. Changes in fair value for such instruments are recorded in accordance with the policies described in note 2.1.

### *Dividend and distribution income*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statement of Changes in Net Assets Attributable to Unitholders as a Unitholder tax liability.

### *Net gains and losses on financial assets at fair value through profit or loss*

Realised and unrealised gains and losses are reflected in the Statement of Comprehensive Income as net gain/(loss) on financial instruments held at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held as at balance date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current year. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.



# Notes to the Financial Statements

## 2.5 Expenses

All expenses, including the Fund management and Supervisor fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

## 2.6 Foreign currency translation

### (a) Functional and presentation currency

Items included in the Fund's Financial Statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The functional currency for the Fund is the New Zealand dollar, which reflects the currency in which the Fund competes for funds and is regulated. The Fund's investors are from New Zealand, with the subscriptions and redemptions of the units denominated in New Zealand dollars. The performance of the Fund is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Financial Statements are presented in New Zealand dollars, which is also the Fund's presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses resulting from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'net foreign currency gains or losses on cash and cash equivalents'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'other net changes in fair value on financial assets at fair value through profit or loss'.

## 2.7 Income tax

The Fund qualifies as and has elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Fund has no income tax expense. Accordingly, no income tax expense is recognised in the Statement of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statement of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Fund to Unitholders in accordance with the proportion of their interest in the Fund. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" (which is capped at 28%) on redemptions and annually at 31 March each year.

Unitholder tax liabilities disclosed in the Statement of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

## 2.8 Goods and services tax ("GST")

The Fund is not registered for GST. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statement of Financial Position are stated inclusive of GST.

## 3. Critical accounting estimates and judgements

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates of the carrying value of financial assets and financial liabilities are regularly evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer to notes 2.1(c) and 5.3 for further information on fair value estimation.

The World Health Organisation declared the coronavirus (COVID-19) to be a global pandemic on 11 March 2020 and the outbreak has spread across many countries, causing significant disruption to business and economic activity. As a result, the financial markets were and continue to be affected by the on-going COVID-19 pandemic and so were unusually volatile. Actual economic events and conditions in the future may be materially different from those recorded at the reporting date. In the event the impacts from the COVID-19 pandemic are more severe or prolonged than anticipated, this may have further adverse impacts to the fair value of the Scheme's investments.

The financial statements have been prepared based upon conditions existing as at 31 March 2020. For investments classified as either level 1 or 2 in accordance with NZ IFRS 13 fair value hierarchy, the measurement of these investments was based on quoted market prices or using valuation techniques for which all significant inputs are based on observable market data. For level 3 investments which are not traded in an active market, fair value is determined using valuation techniques for which any significant input is not based on observable market data. Due to the COVID-19 pandemic and resulting impacts on the financial markets, this has increased the level of uncertainty around the valuation of level 3 investments. At 31 March 2020, the Fund did not hold any Level 3 investments, and has categorised its full investment portfolio as Level 1. The Fund considers that categorisation remains appropriate, despite the impacts of the COVID-19 pandemic, and the valuations remain based on quoted market prices, which reduces the level of uncertainty regarding fair value measurement in the Fund as a result of the pandemic.

Movements in the fair value of investments at fair value through profit or loss after reporting date are a non-adjusting event.

## 4. Commitments and contingent liabilities

There are no commitments or contingencies as at 31 March 2020. (31 March 2019: nil.)

## 5. Financial risk management

### 5.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, arising from the financial instruments it holds.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's investment policy does not allow it to use derivative financial instruments for any purpose other than the hedging of foreign exchange risk.

In addition to internal risk management carried out by the Manager, financial risk is also managed by the setting of an investment policy, which is agreed with and monitored by the Supervisor and set out in the Fund's Product Disclosure Statement.

All security investments present a risk loss of capital. The Fund holds only long equity security positions where the maximum loss of capital is limited to the fair value of those positions.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.



## Notes to the Financial Statements

### 5.1.1 Market risk

#### (a) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments - for example, equity securities - are denominated in currencies other than New Zealand dollars, the price initially expressed in foreign currency and then converted into New Zealand dollars will also fluctuate because of changes in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

The Fund manages price risk through operating a portfolio of securities that is diversified geographically and by industry.

To further mitigate price risk the Fund's investment policy imposes the following criteria on investment selection:

- the maximum exposure to any security listed on a recognised exchange is limited to 5.00% of the Net Asset Value of the Fund;
- the total value of shares (including all forms of equity) in companies not listed on the primary stock exchange in any country is restricted to a maximum total exposure of 10% of the Net Asset Value of the Fund with each individual position capped at 5.00% of the Net Asset Value of the Fund;
- the Fund will not utilise leverage;
- the Fund will not utilise derivatives (other than forward foreign exchange contracts and options for hedging purposes).

The table below summarises the sensitivity of the Fund's net assets attributable to Unitholders to equity price movements, including the effect of movements in foreign currency exchange rates on equity prices, as at 31 March. If the prices of equity securities in which the Fund invest in at the year end had increased or decreased by 5% with all other variables held constant, this would have had the following impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders:

\$	Elevation Capital Global Shares Fund	
	2020	2019
As at 31 March		
5% increase in equity prices	831,284	889,924
5% decrease in equity prices	(831,284)	(889,924)

#### (b) Foreign exchange risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than New Zealand dollars, the functional currency. Foreign currency risk, as defined in NZ IFRS 7, 'Financial Instruments: Disclosures', arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in currencies other than the functional currency fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities. The table below has been analysed between monetary and non-monetary items to meet the requirements of NZ IFRS 7.

The Fund may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency. The Fund may choose not to enter into any foreign currency hedging transactions. As the nature of these contracts is to manage the international investment activities of the Fund, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities.

At the balance date the Fund had the following foreign currency exposures (expressed in NZD equivalents):

\$	Monetary assets and liabilities	Non-monetary assets and liabilities	Monetary assets and liabilities	Non-monetary assets and liabilities
	2020	2020	2019	2019
As at 31 March				
<b>Monetary assets/(liabilities)</b>				
Australian Dollar (AUD)	2,002	675,543	26,566	1,278,005
Swiss Franc (CHF)	1,463	1,436,416	3,010	1,799,547
Euro (EUR)	(74)	2,495,228	(38)	2,915,052
British Pound (GBP)	572	1,357,859	(1)	840,678
Swedish Krona (SEK)	(7)	-	(4)	732,909
United States Dollar (USD)	12,471	9,127,882	20,310	8,671,042

At Balance Date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant, the impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders would have been as follows:

\$	Monetary assets and liabilities	Non-monetary assets and liabilities	Monetary assets and liabilities	Non-monetary assets and liabilities
	2020	2020	2019	2019
As at 31 March				
Exchange rates increased by 5%	(687)	(686,542)	(2,373)	(773,202)
Exchange rates decreased by 5%	759	758,810	2,623	854,591

## Notes to the Financial Statements

### 5.1.1 Market risk (continued)

#### (c) Cash flow interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund may hold cash and cash equivalents in New Zealand dollars that expose the Fund to cash flow interest rate risk.

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
<b>Cash and cash equivalents, margin deposits and foreign cash deposits</b>		
At call	269,252	5,322,956

The table below summarises the impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders had the relevant interest rates increased or decreased by 1% (2019: 0.5%) at balance date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonably possible shift in interest rates with regard to historical volatility.

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
Increase of 1%	2,693	26,615
Increase of 1%	(2,693)	(26,615)

These movements arise substantially from the cash flow variability from cash and cash equivalents.

### 5.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Fund. The Fund is primarily exposed to credit risk through its investment activities. The maximum credit risk of financial instruments is considered to be the carrying value. The Supervisor regularly reviews and approves an investment strategy that is implemented by the Manager. The investment strategy incorporates an appropriate diversification of investments and ensures that the Fund has no significant concentration of credit risk.

The Fund's cash holdings are invested with ANZ which is rated as AA- by Standard & Poors (2019: AA-). The Fund also has cash balances held by its custodian, BNP Paribas which has a short-term rating of A-1, and long term senior debt rating of A+ by Standard & Poors with a stable outlook (2019: A).

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as the instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on expected credit losses as any such impairment would be wholly insignificant to the Fund.

### 5.1.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed only to the settlement of administration expenses and monthly redemptions of units. Its policy is therefore to invest the majority of assets in investments that are traded in an active market and can be readily disposed.

The Fund may periodically invest in derivative contracts traded over the counter for the purposes of hedging foreign exchange exposure. The Fund anticipates trading only major currencies for maturities up to one year forward. The foreign exchange market for these currencies and maturities is considered to be highly liquid. As at 31 March 2020, the Fund did not hold any derivative positions (31 March 2019: nil).

The table below analyses the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the Balance Date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows excluding gross settled derivatives.

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
<b>Related party payables</b>		
7 days to 1 month	17,618	23,808
1- 12 months	3,264	10,333
	<u>20,882</u>	<u>34,141</u>
<b>Distribution payable</b>		
Less than 1 month	116,461	122,564
<b>Withdrawals payable</b>		
Less than 1 month	214,063	81,238
<b>Other payables</b>		
7 days to 1 month	2,717	3,672
1 - 12 months	16,664	17,210
	<u>19,381</u>	<u>20,882</u>



## Notes to the Financial Statements

### 5.2 Capital risk management

The Fund's capital is represented by Net assets attributable to Unitholders. The Fund's objectives when managing capital are to provide returns for Unitholders through both capital growth and income. The Fund does this by investing in a portfolio of equities listed on exchanges globally. Investment decisions are guided by the mandate included in the product disclosure statement and statement of investment policies and objectives. The Fund strives to invest the subscriptions of Unitholder funds in investments that meet the Fund's objectives while maintaining sufficient liquidity to meet Unitholder redemptions. The Fund does not have any externally imposed capital requirements. Units may be redeemed on the last business day of each month, or such other dates as the Manager shall from time to time determine, subject to receipt of the redemption request.

### 5.3 Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as over the counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The carrying value less impairment provision of other receivables and payables approximate their fair values.

NZ IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Funds' financial assets and financial liabilities (by class) measured at fair value at the period end:

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
<b>Level 1 Assets</b>		
<i>Financial assets at fair value through profit or loss at inception</i>		
Listed equities	16,441,178	17,798,483
Unlisted equities	184,500	-
<b>Total Level 1 Assets</b>	<b>16,625,678</b>	<b>17,798,483</b>

The valuation of all of the Fund's holdings of listed equity securities are based on quoted market prices in active markets, and therefore classified within Level 1. The Fund does not adjust the quoted price for these instruments.

There have been no transfers between the different classifications during the financial year.



## Notes to the Financial Statements

### 6. Financial assets at fair value through profit or loss

#### 6.1 Financial assets

The Fund has invested in the following:

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
<b>Financial assets at fair value through profit or loss</b>		
Listed equities	16,441,178	17,798,483
Unlisted equities	184,500	-
<b>Total financial assets at fair value through profit or loss</b>	<b>16,625,678</b>	<b>17,798,483</b>

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>For the year ended 31 March</b>		
<b>Other net changes in fair value on financial assets at fair value through profit or loss</b>		
Realised gains	(1,853,474)	237,750
Changes in unrealised gains/(losses)	415,931	(607,941)
<b>Total net gains on financial assets at fair value through profit or loss</b>	<b>(1,437,543)</b>	<b>(370,191)</b>

#### 6.2 Geographical distribution

The Fund may hold investments overseas. This exposes the Fund to the risks associated with investing in these countries. The investments of the Fund (being financial assets at fair value through profit or loss and cash and cash equivalents) are represented by geographical segment as follows:

##### Geographical sector concentration

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
New Zealand	1,802,002	6,253,499
Australia	675,543	1,296,238
Americas	8,770,266	8,680,208
Europe	5,647,119	6,291,158
<b>Total</b>	<b>16,894,930</b>	<b>22,521,103</b>

### 7. Financial instruments by category

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
<b>Financial assets at fair value through profit or loss</b>		
Financial assets held at fair value through profit or loss	16,625,678	17,798,483
<b>Total financial assets at fair value through the profit or loss</b>	<b>16,625,678</b>	<b>17,798,483</b>
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	269,252	5,322,956
Outstanding settlements receivable	292,143	-
Contributions receivable	139,379	60,725
Other receivables	13,022	19,476
<b>Total financial assets at amortised cost</b>	<b>713,796</b>	<b>5,403,157</b>
<b>Total financial assets</b>	<b>17,339,474</b>	<b>23,201,640</b>

\$	Elevation Capital Global Shares Fund	
	2020	2019
<b>As at 31 March</b>		
<b>Financial liabilities at amortised cost</b>		
Related party payables	20,882	34,141
Distribution payable	116,461	122,564
Withdrawals payable	214,063	81,238
Other payables	19,381	20,882
<b>Total financial liabilities at amortised cost</b>	<b>370,787</b>	<b>258,825</b>
<b>Total financial liabilities</b>	<b>370,787</b>	<b>258,825</b>



## Notes to the Financial Statements

### 8. Related parties

#### 8.1 General

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Elevation Capital Management Limited is the Manager of the Fund and The Public Trust is the Supervisor of the Fund.

CGS & CVS Limited, controlled by Christopher Swasbrook, the Managing Director of the Manager, holds 90.87% (31 March 2019: 59.67%) of the issued share capital of the Manager. The Stobo Family Trust, (Craig Stobo), director of the Manager holds 7.05% (31 March 2019: 12.36%) of the issued share capital of the Manager.

#### 8.2 Related party fees

The Fund has transacted with related parties during the year as follows:

\$		Elevation Capital Global Shares Fund	
		2020	2019
<b>For the year ended 31 March</b>			
Elevation Capital Management Limited	Management fees	280,661	357,863
Public Trust	Supervisor fees	23,000	23,000
Public Trust	Custodian Fees	10,447	16,441
		<b>314,108</b>	<b>397,304</b>

The Funds owed the following amounts to related parties at balance date:

\$		Elevation Capital Global Shares Fund	
		2020	2019
<b>As at 31 March</b>			
Elevation Capital Management Limited	Management fees	17,618	23,808
Public Trust	Supervisor fees	1,917	5,750
Public Trust	Custodian Fees	1,347	4,583
		<b>20,882</b>	<b>34,141</b>

Under the Trust Deed the management fees payable to Elevation Capital Management Limited are payable monthly in arrears. All balances are unsecured, settled in cash and do not attract interest.

Supervisor fees payable to The Public Trust are payable monthly in arrears. All balances are unsecured, settled in cash and do not attract interest.

#### 8.3 Investments by related parties

ECML directors' interest, as well as related parties of directors' interest, in the Fund at balance date were 370,417 (31 March 2019: 867,403) units represented 5.9% (31 March 2019: 5.9%) of unit holders' interest in the Fund.

### 9. Reconciliation of operating (loss)/profit to net cash outflow from operating activities

\$		Elevation Capital Global Shares Fund	
		2020	2019
<b>For the year ended 31 March</b>			
Operating profit		(1,356,351)	(80,652)
Net change in financial assets held at fair value through profit or loss		880,664	3,822,037
Net foreign currency gains or losses on cash and cash equivalents		19,780	(79,325)
Decrease/(increase) in trade and other receivables		6,454	39,082
Increase/(decrease) in trade and other payables		(14,761)	(1,316)
		<b>892,137</b>	<b>3,780,478</b>
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(464,214)</b>	<b>3,699,826</b>

### 10. Assets and liabilities not carried at fair value but for which fair value is disclosed

All financial assets and liabilities not measured at fair value through profit or loss are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents referred to in Note 7 include cash on hand, deposits held with banks and brokers and other short-term investments in an active market.

### 11. Commitments and contingent liabilities

There are no material commitments or contingencies as at 31 March 2020 (31 March 2019: nil).

### 12. Events occurring after the balance sheet date

Post balance date, global equity markets continued to exhibit significant volatility due to the Covid-19 pandemic. Although Covid-19 was declared a pandemic by WHO on 11 March, and NZ entered lockdown on 25 March 2020, the effects of the pandemic and resulting lockdown have continued post year-end. The Fund returned +9.39% (0% PIR) in April 2020 and has not encountered any liquidity issues. The Fund remains highly liquid with all its investments in global equities and cash.



# Independent Auditor's Report

To the unitholders of Elevation Capital Global Shares Fund

## Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2020;
- the statements of comprehensive income, changes in net assets attributable to unitholders, and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of Elevation Capital Global Shares Fund (the "Fund") on pages 3 to 14:

- i. present fairly in all material respects the Fund's financial position as at 31 March 2020 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Our firm has also provided other services to the Fund in relation to supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013. Subject to certain restrictions, partners and employees of our firm may also deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund. These matters have not impaired our independence as auditor of the Fund. The firm has no other relationship with, or interest in, the Fund.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the unitholders as a body may better understand the process by which we arrived at our audit opinion.





Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The Covid-19 pandemic has created additional risks, particularly with the valuation of investments, liquidity and going concern. Some investments may have become more difficult to value, as they either experience significant events, or become less liquid and actively traded. Additional disclosures may be required to ensure there is adequate disclosure of changes to fair value levels for securities, liquidity risks, market risks and subsequent events where there are material withdrawals, other material impacts on liquidity and changes to the value of the Fund. While the key audit matter "Existence and valuation of investments", detailed below, is unchanged from last year, the underlying audit risk has increased which impacted the extent and nature of audit evidence that we had to gather.

### The key audit matter

### How the matter was addressed in our audit

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#### Existence and valuation of investments

Refer to Note 6 of the Financial Statements.

Investments are the Fund's main assets, and existence and valuation of those investments is the most important aspect of preparing the financial statements. As described in the financial statements, the Fund's investments include call accounts, term deposits and listed equities.

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the custodian, investment accounting and registry service provider by obtaining and reading the service organisation reports issued by an independent assurance provider on the design and operation of those controls throughout the year;
- agreeing investment holdings to the confirmations received from the custodian;
- for call accounts and term deposits agreeing the closing book value to confirmations received from the custodian;
- with support from our valuation specialists, re-calculating the fair value of all listed equity investments using independent third party pricing sources;
- checking the accuracy of fair value hierarchy disclosures within the financial statements.

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### Other information

The Manager, on behalf of the Fund, is responsible for the other information included in the Fund's financial statements. Other information includes the Annual Report prepared by the Manager, the Manager's Statement, and Additional Unitholder Information. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



## Use of this independent auditor's report

This independent auditor's report is made solely to the unitholders as a body. Our audit work has been undertaken so that we might state to the unitholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the unitholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Fund, is responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Jamie Munro.

For and on behalf of



KPMG  
Auckland

3 July 2020