



*Financial Statements*  
*31 March 2019*

Elevation Capital Value Fund  
Financial Statements  
For the year ended 31 March 2019

## 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 Value Fund as at 31 March 2019 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 Value Fund will be able to pay its debts as and when they fall due.

Director

Elevation Capital Management Limited

26 July 2019



Two handwritten signatures in black ink are positioned above a horizontal line. The signature on the left is a stylized cursive 'M'. The signature on the right is a more complex cursive script, possibly 'M. Roberts'. A small horizontal line is drawn below the signature on the right.

## Additional Unitholder Information

### Notice of Trust Deed Amendment

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

The Trust Deed was replaced by a new Master Trust Deed dated 11 November 2016.

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

## Statement of Comprehensive Income

\$	Note	Elevation Capital Value Fund	
		2019	2018
For the year ended 31 March			
<b>Income</b>			
Interest income on financial assets at amortised cost		101,252	86,110
Dividend income		662,600	547,667
Net (loss)/gain on foreign currency		79,325	(295,756)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	6	(370,191)	(1,096,855)
Other income		4,911	10
<b>Total income</b>		<b>477,897</b>	<b>(758,824)</b>
<b>Expenses</b>			
Management fees	8.2	357,863	351,681
Supervisor fees	8.2	23,000	23,000
Administration expenses		55,600	54,446
Audit fees		14,789	14,513
Other auditors remuneration - audit related services (in relation to Supervisor Reporting)		2,047	2,047
Transaction costs		36,800	38,900
Custody expenses	8.2	16,441	13,836
Other expenses		52,009	74,453
<b>Total operating expenses</b>		<b>558,549</b>	<b>572,876</b>
<b>Operating (loss)/profit</b>		<b>(80,652)</b>	<b>(1,331,700)</b>
<b>(Loss)/profit for the year attributable to Unitholders</b>		<b>(80,652)</b>	<b>(1,331,700)</b>
<b>Total comprehensive (loss)/income for the year attributable to Unitholders</b>		<b>(80,652)</b>	<b>(1,331,700)</b>

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



## Statement of Change in Net Assets Attributable to Unitholders

\$	Note	Elevation Capital Value Fund	
		2019	2018
<b>For the year ended 31 March</b>			
<b>Net assets attributable to Unitholders at the beginning of the year</b>		29,723,069	25,530,165
Proceeds from units issued		1,601,989	9,094,488
Redemption of units		(7,618,073)	(2,903,391)
Distributions		(600,341)	(605,440)
Unitholder tax receivables/(liabilities)		(147,418)	(61,053)
<b>Net increase/(decrease) from transaction in units</b>		<b>(6,763,843)</b>	<b>5,524,604</b>
Total comprehensive (loss)/income for the year attributable to Unitholders		(80,652)	(1,331,700)
<b>Net assets attributable to Unitholders at the end of the year</b>		<b>22,878,574</b>	<b>29,723,069</b>
<b>Units</b>			
<b>For the year ended 31 March</b>		<b>2019</b>	<b>2018</b>
Units on issue at the beginning of the year		19,652,957	15,746,701
Units issued		1,054,117	5,744,249
Units redeemed		(4,943,619)	(1,837,993)
<b>Units on issue at the end of the year</b>		<b>15,763,455</b>	<b>19,652,957</b>

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

# Statement of Financial Position

\$	Elevation Capital Value Fund		
			2019
As at 31 March	Note		
<b>Assets</b>			
Cash and cash equivalents		5,322,956	7,597,303
Financial assets held at fair value through profit or loss	6	17,798,483	21,620,521
Contributions receivable		60,725	767,795
Other receivables		19,476	58,558
Tax receivable on behalf of unitholders		536	3,070
<b>Total assets</b>		<b>23,202,176</b>	<b>30,047,247</b>
<b>Liabilities</b>			
Related party payables	8.2	34,141	33,654
Distribution payable		122,564	184,211
Withdrawals payable		81,238	71,969
Other payables		20,882	22,686
Tax payable on behalf of unitholders		64,777	11,658
<b>Total liabilities</b>		<b>323,602</b>	<b>324,178</b>
<b>Unitholders' Funds</b>		<b>22,878,574</b>	<b>29,723,069</b>

The Directors of Elevation Capital Management Limited authorised these Financial Statements for issue on 26 July 2019.

Director



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



## Statement of Cash Flows

\$	For the year ended 31 March	Note	Elevation Capital Value Fund	
			2019	2018
<b>Cash flows from operating activities</b>				
	Proceeds from sale of financial assets		47,439,827	54,691,541
	Purchase of financial assets		(43,987,981)	(58,836,480)
	Dividends received		701,682	458,492
	Other income		4,911	10
	Interest income received		101,252	86,110
	Transactions costs paid		(36,800)	(38,900)
	Operating expenses paid		(523,065)	(528,161)
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>9</b>	<b>3,699,826</b>	<b>(4,167,388)</b>
<b>Cash flows from financing activities</b>				
	Proceeds from units issued		1,831,282	7,518,874
	Redemptions of units		(7,608,804)	(2,110,768)
	Unitholders tax liabilities paid		(91,765)	(4,046)
	Distributions paid		(184,211)	(184,794)
	<b>Net cash (outflow)/inflow from financing activities</b>		<b>(6,053,498)</b>	<b>5,219,266</b>
	<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,353,672)</b>	<b>1,051,878</b>
	Cash and cash equivalents at the beginning of the financial year		7,597,303	6,841,181
	Foreign exchange losses on cash and cash equivalents denominated in foreign currencies		79,325	(295,756)
	<b>Cash and cash equivalents at the end of the financial year</b>		<b>5,322,956</b>	<b>7,597,303</b>

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 Value Fund that is referred to throughout these Financial Statements as ("The Fund"). These Financial Statements are for the year ended 31 March 2019.

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 Fund's investment activities are managed by Elevation Capital Management Limited (the 'Manager'). The registered office for Elevation Capital Management Limited is c/-Hamos Horton Lusk Limited, Level 37, Vero Centre, 48 Shortland Street, Auckland. The Fund is domiciled in New Zealand.

These Financial Statements were authorised for issue by the Board of Directors of the Manager on 26 July 2019.

### Statutory Base

The Elevation Capital Value 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 2018 impacting the Scheme

The Fund has adopted NZ IFRS 9 Financial Instruments ("NZ IFRS 9") for the first time for the year commencing 1 April 2018. The adoption of NZ IFRS 9 has been applied retrospectively and did not result in a significant change to the classification or measurement of financial instruments in either the current or prior year. The Fund holds securities which had previously been designated as fair value through profit or loss or held for trading. On adoption of NZ IFRS 9, these securities are now mandatorily classified as fair value through profit or loss; there are no changes to the measurement of these securities. The Fund also holds securities which were classified as loans and receivables. On adoption of NZ IFRS 9, these securities are now classified as financial assets at amortised cost. With the adoption of IFRS 9, there were no changes to the measurement of these securities other than a change to the impairment calculation. With the introduction of NZ IFRS 9, the Funds are now applying expected credit loss provisioning since initial recognition of these securities. Prior to the adoption of IFRS 9, the carrying amounts of the financial assets at amortised cost were reviewed at each balance date for objective evidence of impairment. As explained in note 5.1.2, there was also no impact from the application of new impairment rules as the instruments held have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. The disclosures in these Financial Statements have been prepared in accordance with NZ IFRS 9.

There are no other standards or amendments to existing standards that are effective for the year commencing on 1 April 2018 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 use 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.





## Notes to the Financial Statements

### (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 Statements of Comprehensive Income when they arise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have 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 Statements 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 Funds have 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.

### (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 (2018: 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. 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.



## Notes to the Financial Statements

### 2.4 Investment income (continued)

#### *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.

### 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 Balance Sheet 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.



# Notes to the Financial Statements

## 4. Commitments and contingent liabilities

There are no commitments or contingencies as at 31 March 2019. (31 March 2018: 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.

#### 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 Value Fund	
	2019	2018
As at 31 March		
5% increase in equity prices	889,924	1,081,026
5% decrease in equity prices	(889,924)	(1,081,026)

##### (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.



## Notes to the Financial Statements

### 5.1.1 Market risk (continued)

#### (b) Foreign exchange risk (continued)

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
	2019	2019	2018	2018
<b>As at 31 March</b>				
<b>Monetary assets/(liabilities)</b>				
Australian Dollar (AUD)	26,566	1,278,005	34,691	1,442,871
Swiss Franc (CHF)	3,010	1,799,547	-	2,113,198
Euro (EUR)	(38)	2,915,052	(8)	2,992,542
British Pound (GBP)	(1)	840,678	25,105	1,811,001
Japanese Yen (JPY)	-	-	939,738	-
Swedish Krona (SEK)	(4)	732,909	-	775,004
United States Dollar (USD)	20,310	8,671,042	1,397,751	11,425,905

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
	2019	2019	2018	2018
<b>As at 31 March</b>				
Exchange rates increased by 5%	(2,373)	(773,202)	(114,166)	(979,072)
Exchange rates decreased by 5%	2,623	854,591	126,172	1,082,133

#### (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 Value Fund	
	2019	2018
<b>As at 31 March</b>		
<b>Cash and cash equivalents, margin deposits and foreign cash deposits</b>		
At call	5,322,956	7,597,303

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 0.5% at balance date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in interest rates with regard to historical volatility.

\$	Elevation Capital Value Fund	
	2019	2018
<b>As at 31 March</b>		
Increase of 0.5%	26,615	37,987
Decrease of 0.5%	(26,615)	(37,987)

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 & Pooors (2018: 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 & Pooors with a stable outlook (2018: 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.



## Notes to the Financial Statements

### 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 2019, the Fund did not hold any derivative positions.

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.

\$ As at 31 March	Elevation Capital Value Fund	
	2019	2018
<b>Related party payables</b>		
7 days to 1 month	23,808	30,140
1- 12 months	10,333	3,514
	<b>34,141</b>	<b>33,654</b>
<b>Distribution payable</b>		
Less than 7 days	122,564	184,211
<b>Withdrawals payable</b>		
Less than 7 days	81,238	71,969
<b>Other payables</b>		
7 days to 1 month	3,672	4,671
1 - 12 months	17,210	18,015
	<b>20,882</b>	<b>22,686</b>

### 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 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.



## Notes to the Financial Statements

### 5.3 Fair value estimation (continued)

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 Value Fund	
	2019	2018
As at 31 March		
<b>Level 1 Assets</b>		
<i>Financial assets at fair value through profit or loss at inception</i>		
Listed equities	17,798,483	21,620,521
<b>Total Level 1 Assets</b>	<b>17,798,483</b>	<b>21,620,521</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.

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

#### 6.1 Financial assets

The Fund has invested in the following:

\$	Elevation Capital Value Fund	
	2019	2018
As at 31 March		
<b>Financial assets at fair value through profit or loss</b>		
Listed equities	17,798,483	21,620,521
<b>Total financial assets at fair value through profit or loss</b>	<b>17,798,483</b>	<b>21,620,521</b>

\$	Elevation Capital Value Fund	
	2019	2018
For the year ended 31 March		
<b>Other net changes in fair value on financial assets at fair value through profit or loss</b>		
Realised gains	237,750	1,798,213
Changes in unrealised gains/(losses)	(607,941)	(2,895,068)
<b>Total net gains on financial assets at fair value through profit or loss</b>	<b>(370,191)</b>	<b>(1,096,855)</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 Value Fund	
	2019	2018
As at 31 March		
New Zealand	6,253,499	6,318,584
Australia	1,296,238	1,450,980
Americas	8,680,208	12,799,427
Europe	6,291,158	7,709,095
Asia	-	939,738
<b>Total</b>	<b>22,521,103</b>	<b>29,217,824</b>



## Notes to the Financial Statements

### 7. Financial instruments by category

\$	Elevation Capital Value Fund	
	2019	2018
<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	17,798,483	21,620,521
<b>Total financial assets at fair value through the profit or loss</b>	<b>17,798,483</b>	<b>21,620,521</b>
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	5,322,956	7,597,303
Contributions receivable	60,725	767,795
Other receivables	19,476	58,558
<b>Total financial assets at amortised cost</b>	<b>5,403,157</b>	<b>8,423,656</b>
<b>Total financial assets</b>	<b>23,201,640</b>	<b>30,044,177</b>

\$	Elevation Capital Value Fund	
	2019	2018
<b>As at 31 March</b>		
<b>Financial liabilities at amortised cost</b>		
Related party payables	34,141	33,654
Distribution payable	122,564	184,211
Withdrawals payable	81,238	71,969
Other payables	20,882	22,686
<b>Total financial liabilities at amortised cost</b>	<b>258,825</b>	<b>312,520</b>
<b>Total financial liabilities</b>	<b>258,825</b>	<b>312,520</b>

### 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 59.67% (31 March 2018: 57.57%) of the issued share capital of the Manager. The Stobo Family Trust, (Craig Stobo), holds 12.38% (31 March 2018: 12.38%) of the issued share capital of the Manager. HH Trust, (Andrew Hamos), holds 12.38% (31 March 2018: 12.38%) 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 Value Fund		
	2019	2018	
<b>For the year ended 31 March</b>			
Elevation Capital Management Limited	Management fees	357,863	351,681
Public Trust	Supervisor fees	23,000	23,000
Public Trust	Custodian Fees	16,441	13,836
		<b>397,304</b>	<b>388,517</b>

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

\$	Elevation Capital Value Fund		
	2019	2018	
<b>As at 31 March</b>			
Elevation Capital Management Limited	Management fees	23,808	30,140
Public Trust	Supervisor fees	5,750	1,917
Public Trust	Custodian Fees	4,583	1,597
		<b>34,141</b>	<b>33,654</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.



## Notes to the Financial Statements

### 8. Related parties (continued)

#### 8.3 Investments by related parties

ECML directors' interest, as well as related parties of directors' interest, in the Fund at balance date were 867,403 (31 March 2018: 1,161,295) units represented 5.5% (31 March 2018: 5.9%) of unit holders' interest in the Fund.

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

\$	Elevation Capital Value Fund	
	2019	2018
For the year ended 31 March		
Operating profit	(80,652)	(1,331,700)
<i>Adjustments for non-cash items</i>		
Foreign withholding tax on dividends	-	(52,465)
Net change in financial assets held at fair value through profit or loss	3,822,037	(3,048,084)
Net foreign currency gains or losses on cash and cash equivalents	(79,325)	295,756
Decrease/(increase) in trade and other receivables	39,082	(36,710)
Increase/(decrease) in trade and other payables	(1,316)	5,815
	<u>3,780,478</u>	<u>(2,835,688)</u>
Net cash (outflow)/inflow from operating activities	<u>3,699,826</u>	<u>(4,167,388)</u>

### 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 2019 (31 March 2018: nil).

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

Subsequent to year end, the Manager approved a change in the Fund's name to Elevation Capital Global Shares Fund. There were no other significant events which occurred since balance date which would impact the financial position of the Fund disclosed in the Balance Sheet as at 31 March 2019 or on the results and cash flows of the Fund for the year ended on that date.







# Independent auditor's report

To the unitholders of the Elevation Capital Value Fund

## Report on the financial statements

### Opinion

In our opinion, the accompanying financial statements of the Elevation Capital Value Fund (the "Fund") on pages 3 to 15:

- i. present fairly in all material respects the Fund's financial position as at 31 March 2019 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.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2019;
- the statements of comprehensive income, change 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.



### 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 (the "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 undertaken 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 members 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 key audit matter

## How the matter was addressed in our audit

### 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.

## 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, 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 members 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 members 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

26 July 2019