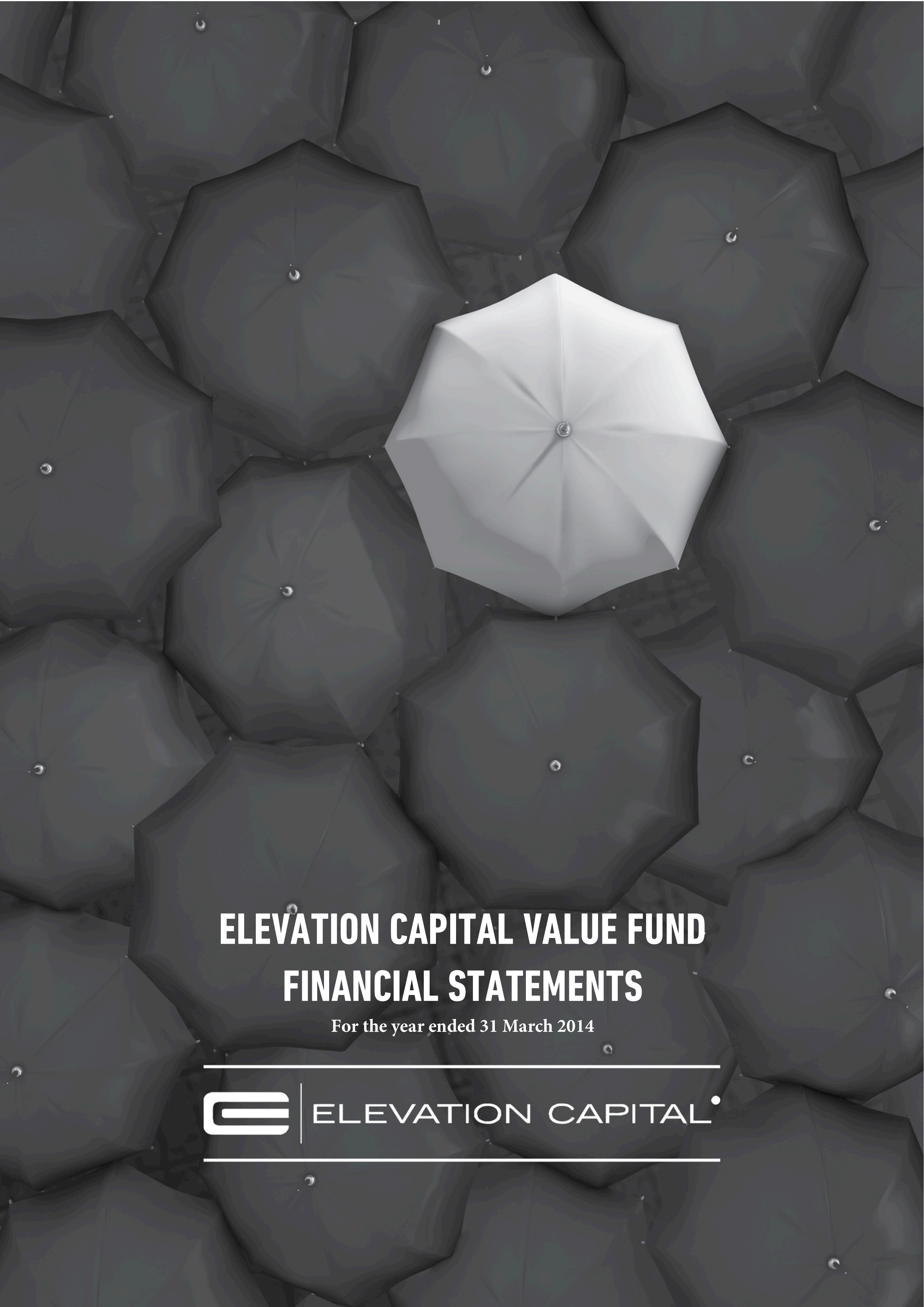

ELEVATION CAPITAL VALUE FUND FINANCIAL STATEMENTS

For the year ended 31 March 2014

ELEVATION CAPITAL

ELEVATION CAPITAL

Elevation Capital Value Fund

Financial Statements

For the year ended 31 March 2014

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 2014 and its results for the year ended on that date in accordance with the requirements of the Elevation Capital Unit Trusts Master Trust Deed dated 20 November 2006 as amended and restated on 12 September 2013.

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 ______________ Director ______________

Elevation Capital Management Limited

5 August 2014

Additional Unitholder Information

Notice of Trust Deed Amendment

Under clause 32.2 of the Trust Deed governing the Elevation Capital Value Fund and the Unit Trusts Act 1960, the Manager, Elevation Capital Management Limited is required to advise unitholders in summary form of any amendments to the Trust Deed.

There has been no amendments to the Trust Deed and Establishment Deed during the year covered by the Financial Statements.

	Notes	Year ended 31 March 2014 $	Year ended 31 March 2013 $
Income			
Interest income		**24,519**	41,058
Dividend income		**264,258**	417,305
Net foreign currency losses on cash and cash equivalents		**(65,013)**	(26,177)
Other net changes in fair value on financial assets at fair value through profit or loss	6	**1,437,709**	671,729
Total income		**1,661,473**	1,103,915
Expenses			
Management fees	5	**147,739**	185,309
Trustee fees	5	**13,064**	11,125
Administration fees		**28,750**	30,269
Audit fees		**11,628**	15,461
Other auditors remuneration - taxation services		**-**	604
Other auditors remuneration - audit related services (in relation to Trustee Reporting and Prospectus)		**3,320**	3,760
Legal expenses		**10,706**	-
Interest expense		**1**	2
Transaction costs		**13,446**	36,711
Custody expenses		**7,832**	25,279
Other expenses		**14,687**	21,979
Total operating expenses		**251,173**	330,499
Operating profit		**1,410,300**	773,416
Increase in net assets attributable to Unitholders from operations		**1,410,300**	773,416
Total comprehensive income for the year attributable to Unitholders		**1,410,300**	773,416

The accompanying notes are an integral part of these Financial Statements.

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	Year ended 31 March 2014 $	Year ended 31 March 2013 $
Net assets attributable to Unitholders at the beginning of the year	**12,599,848**	16,279,669
Proceeds from units issued	**1,701,720**	740,105
Redemption of units	**(3,487,065)**	(4,854,829)
Distributions	**(234,883)**	(276,442)
Unitholder tax liabilities	**(36,256)**	(62,071)
Net decrease from transactions in units	**(2,056,484)**	(4,453,237)
Total comprehensive income for the year attributable to Unitholders	**1,410,300**	773,416
Net assets attributable to Unitholders at the end of the year	**11,953,664**	12,599,848

	Year ended 31 March 2014 Units	Year ended 31 March 2013 Units
Units on issue		
Units on issue at the beginning of the year	**10,645,731**	14,328,466
Units issued	**1,291,166**	661,962
Units redeemed	**(2,778,762)**	(4,344,697)
Units on issue at the end of the year	**9,158,135**	10,645,731

The accompanying notes are an integral part of these Financial Statements.

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	Notes	As at 31 March 2014 $	As at 31 March 2013 $
Current assets			
Financial assets held at fair value through profit and loss	6	**8,453,034**	9,788,875
Due from brokers		**47,300**	170,249
Unitholder tax rebates receivable		**2,033**	-
Other receivables		**195,381**	154,587
Cash and cash equivalents		**3,475,049**	3,438,793
Total assets		12,172,797	13,552,504
Current liabilities			
Due to brokers		**47,974**	-
Related party payables	5	**16,074**	18,407
Distribution payable		**90,316**	276,442
Unitholder tax liabilities payable		**-**	19,053
Withdrawals payable		**43,726**	609,529
Other payables		**21,043**	29,225
Total liabilities		**219,133**	952,656
Net assets attributable to Unitholders		**11,953,664**	12,599,848

The accompanying notes are an integral part of these Financial Statements.

The Directors of Elevation Capital Management Limited, in their role as Manager, authorised these Financial Statements for issue on 5 August 2014.

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Director ____________________

Director ____________________

	Notes	Year ended 31 March 2014 $	Year ended 31 March 2013 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		6,466,069	11,128,194
Dividend income		256,064	416,935
Interest income		25,101	40,704
Purchase of financial instruments held at fair value through profit or loss		(3,521,576)	(6,644,711)
Transaction costs on purchases and sales of financial instruments held at fair value through the profit or loss		(13,431)	(36,499)
Operating expenses		(248,242)	(289,752)
Net cash inflow from operating activities	8	2,963,985	4,614,871
Cash flows from financing activities			
Proceeds from units issued		1,179,308	660,672
Redemption of units		(3,843,073)	(4,506,933)
Unitholder tax liabilties		(57,342)	(58,276)
Distributions		(141,708)	(91,251)
Net cash outflow from financing activities		(2,862,815)	(3,995,788)
Net increase in cash and cash equivalents		101,170	619,083
Cash and cash equivalents at the beginning of the financial year		3,438,793	2,845,887
Foreign exchange losses on cash and cash equivalents denominated in foreign currencies		(64,914)	(26,177)
Cash and cash equivalents at the end of the financial year	2.4	3,475,049	3,438,793

The accompanying notes are an integral part of these Financial Statements.

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1. General information

Reporting Entity

The reporting entity included in these Financial Statements is the Elevation Capital Value Fund that is referred to throughout these Financial Statements as the Trust.

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

Statutory Base

The Elevation Capital Value Fund is a Unit Trust as defined by the Unit Trusts Act 1960 and is subject to the provisions of that Act.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The Financial Statements have been prepared in accordance with the requirements of the Unit Trusts Act 1960, the Financial Reporting Act 1993, the Trust Deed and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-orientated entities. The Financial Statements also comply with International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

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 Trust'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.

2.1.1 New financial reporting standards and amendments to existing standards

The following new standards and amendments to existing standards are not a comprehensive list of standards and amendments but are only those that affect the Trust.

Standards and amendments to existing standards effective 1 April 2013 impacting the Trust:

NZ IFRS 13, '*Fair value measurement*' (effective from 1 January 2013). The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurements and disclosure requirements for use across NZ IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with NZ IFRS. The adoption of NZ IFRS 13 has resulted in changes to some disclosure in respect of fair values and these changes are reflected throughout the notes to these financial statements. NZ IFRS 13 has been applied prospectively by the Trust from 1 April 2013.

Standards and amendments to existing standards that are not yet applicable and have not been early adopted by the Trust:

NZ IFRS 9, '*Financial instruments*' (effective from 1 January 2017): Classification and measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Trust's business model for managing the financial assets for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. The Manager of the Trust is yet to assess NZ IFRS 9's full impact. The Manager will also consider the impact if the remaining phases of NZ IFRS 9 when completed by the International Accounting Standards Board. The standard is expected to be adopted in the year commencing 1 April 2017.

2.2 Financial instruments

(a) Classification

The Trust's financial instruments are categorised as financial assets or financial liabilities at fair value through profit or loss, loans and receivables and financial liabilities. This is comprised of:

- *Financial assets or financial liabilities at fair value through profit or loss*

  - *Financial instruments designated at fair value through profit or loss upon initial recognition*

    Financial instruments designated at fair value through profit or loss at initial recognition are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Investment Manager to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

    These are investments in exchange traded equity instruments and unlisted equity instruments.

The designation of financial instruments at fair value through profit or loss is consistent with the Trust's risk management or investment strategy.

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2. Summary of significant accounting policies (continued)

2.2 Financial instruments (continued)

(a) Classification (continued)

Loans and receivables (including amounts due from brokers)

Receivables may include amounts for dividends, interest and amounts due from brokers for securities sold that have been contracted for but not yet delivered by the end of the accounting period. Receivables are initially recognised at fair value less transaction costs. They are subsequently measured at amortised cost, being the initially recognised amount reduced for impairment as appropriate. Any impairment charge is recognised in profit or loss in the Statement of Comprehensive Income.

Financial liabilities (including amounts due to brokers)

These amounts represent liabilities and accrued expenses owing by the Trust at year end and may include amounts due to brokers for securities purchased that have been contracted for but not yet delivered by the year end and amounts due to related parties for fees incurred but not yet paid by the year end. Financial liabilities are initially recognised at fair value plus transaction costs. They are subsequently measured at amortised cost.

(b) Recognition, derecognition and measurement

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in profit or loss in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cashflows from the investments have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss in the Statement of Comprehensive Income within dividend income when the Trust's right to receive payments is established.

(c) Fair value estimation

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 Trust 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 determined using valuation techniques. The Trust 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.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Trust would receive or pay to terminate the contract at the Balance Date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

2.3 Net assets attributable to unitholders

The Trust issues units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. The Trust has classified units as equity instruments in accordance with revised NZ IAS 32, *'Financial Instruments: Presentation'*. The Trust 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 Trust 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 Trust.

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust 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 Trust's net asset value per unit at the time of issue or redemption. The Trust's net asset value per unit is calculated by dividing the net assets attributable to the holders of the Trust with the total number of outstanding units of the Trust. 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 Trust. 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 Trust or may be used to make later distributions to Unitholders.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, term investments with maturities of less than three months held with banks and deposits with brokers in New Zealand Dollars and other currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Trust's main income generating activity.

2.5 Investment income

Interest income on assets held at fair value through the profit or loss 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 2.2. 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.

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2. Summary of significant accounting policies (continued)

2.6 Investments gains and losses

Realised and unrealised gains and losses are reflected in profit or loss in the Statement of Comprehensive Income as 'other net changes in fair value on financial assets 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.

2.7 Expenses

All expenses, including the Trust's management fees, performance fees and trustee fees, are recognised in profit or loss in the Statement of Comprehensive Income on an accruals basis.

2.8 Foreign currency translation

(a) Functional and presentation currency

The Financial Statements are presented in New Zealand dollars, which is the Trust's functional and 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 Date.

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

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

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

2.9 Income tax

The Trust 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 Trust 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 Trust to Unitholders in accordance with the proportion of their interest in the Trust. 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.

2.10 Goods and services tax ("GST")

The Trust 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 Balance Sheet are stated inclusive of GST.

3. Critical accounting estimates and judgements

The Trust 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 2.2(c) and 9 for further information on fair value estimation.

For the majority of the Trust's financial instruments, quoted market prices are readily available. However, certain financial instruments such as unquoted securities are fair valued using valuation techniques. Valuation techniques including models use observable data to the extent possible. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes or assumptions about these factors could affect the reported fair value of financial instruments.

4. Commitments and contingent liabilities

There are no commitments or contingencies as at 31 March 2014 (31 March 2013: nil).

5. Related Parties

5.1 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 Trust and The New Zealand Guardian Trust Company Limited is the Trustee of the Trust, both are considered to be related parties.

Elevation Capital Limited holds 64% (31 March 2013: 69%) of the issued share capital of the Manager.

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5. Related Parties (continued)

5.2 Related party fees

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

		Year ended 31 March 2014 $	Year ended 31 March 2013 $
Elevation Capital Management Limited	Management fees	147,739	185,309
The New Zealand Guardian Trust Company Limited	Trustee fees	13,064	11,125
		160,803	196,434

The Manager was not eligible for any performance fees for the years ended 31 March 2014 and 31 March 2013 as the Trust did not obtain the required returns in accordance with the stipulated performance fee criteria.

The Trust owed the following amounts to related parties at Balance Date:

		31 March 2014 $	31 March 2013 $
Elevation Capital Management Limited	Management fees	12,365	13,856
The New Zealand Guardian Trust Company Limited	Trustee fees	3,709	4,551
		16,074	18,407

Under the Trust Deed the management fees and performance fees payable to Elevation Capital Management Limited are payable monthly in arrears.

Trustee fees payable to The New Zealand Guardian Trust Company Limited are payable quarterly in arrears.

5.3 Investments by related parties

The investment interests of the Manager in the Trust at the Balance Date are:

	As at 31 March 2014			As at 31 March 2013		
	No. Units	Market Value $	Market Value %	No. Units	Market Value $	Market Value %
Elevation Capital Limited	-	-	0.0%	15,073	17,836	0.1%

Directors' interest as well as related parties of directors' interest in the Trust at balance date were 707,480 (31 March 2013 : 704,448) units which represented 7.7% (31 March 2013 : 6.6%) of unit holders' interest in the Trust.

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

6.1 Financial assets

The Trust has invested in the following:

	31 March 2014 $	31 March 2013 $
Designated at fair value through profit or loss at inception:		
Listed equities	8,215,257	9,527,969
Unlisted/OTC equities	237,777	260,906
Total designated at fair value through profit or loss at inception	8,453,034	9,788,875
Total financial assets held at fair value through profit or loss	8,453,034	9,788,875

	Year ended 31 March 2014 $	Year ended 31 March 2013 $
Other net changes in fair value on financial assets at fair value through profit or loss:		
Realised	930,773	567,586
Changes in unrealised	506,936	104,143
Total gains	1,437,709	671,729
Net changes in fair value:		
Financial assets designated at fair value through profit or loss at inception	1,437,709	671,729
Total gains	1,437,709	671,729

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6. Financial assets held at fair value through profit or loss (continued)

6.2 Geographical distribution

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

	31 March 2014 $	31 March 2013 $
Geographical sector concentration		
New Zealand	4,036,921	1,646,581
Australia	353,682	331,550
Americas	3,623,031	5,161,201
Europe	3,143,536	5,331,560
Asia	770,913	756,776
Total	11,928,083	13,227,668

7. Financial instruments by category

	31 March 2014 $	31 March 2013 $
Assets designated at fair value through the profit and loss		
Financial assets held at fair value through profit and loss	8,453,034	9,788,875
Total assets at fair value through the profit and loss	8,453,034	9,788,875
Loans and receivables		
Due from brokers	47,300	170,249
Other receivables	195,381	154,587
Cash and cash equivalents	3,475,049	3,438,793
Total loans and receivables	3,717,730	3,763,629
Total financial assets	12,170,764	13,552,504
Other financial liabilities		
Due to brokers	47,974	-
Related party payables	16,074	18,407
Distribution payable	90,316	276,442
Withdrawals payable	43,726	609,529
Other payables	21,043	29,225
Total other financial liabilities	219,133	933,603
Total financial liabilities	219,133	933,603

8. Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 March 2014 $	Year ended 31 March 2013 $
Operating profit	1,410,300	773,416
Net change in financial assets held at fair value through profit or loss	1,506,784	3,811,754
Net foreign currency gains or losses on cash and cash equivalents	65,013	26,177
Accrued interest transferred from another fund	-	-
Net change in accrued income and receivables	(7,612)	(724)
Net change in payables	(10,500)	4,248
	1,553,685	3,841,455
Net cash inflow from operating activities	2,963,985	4,614,871

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9. Financial risk management

9.1 Financial risk factors

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

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

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 Trustee and set out in the Trust's prospectus.

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

9.1.1 Market risk

(a) Price risk

The Trust is exposed to equity securities price risk. This arises from investments held by the Trust 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 Trust manages price risk through operating a portfolio of securities that is diversified geographically and by industry.

To further mitigate price risk the Trust'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 Trust;
- 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 Trust with each individual position capped at 5.00% of the Net Asset Value of the Trust;
- the Trust will not utilise leverage;
- the Trust will not utilise derivatives (other than forward foreign exchange contracts and options for hedging purposes).

The table below summarises the sensitivity of the Trust'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 Trust 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:

	31 March 2014	31 March 2013
	$	$
5% increase in equity prices	**422,652**	688,378
5% decrease in equity prices	**(422,652)**	(688,378)

(b) Foreign exchange risk

The Trust 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 Trust 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 Trust 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 Trust, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities.

(b) Foreign exchange risk

At the Balance Date, the Trust had the following foreign currency exposures (expressed in NZD equivalents):

	31 March 2014		31 March 2013	
	Monetary assets	**Non-monetary assets**	Monetary assets	Non-monetary assets
	$	**$**	$	$
Australian Dollar (AUD)	**-**	**353,682**	-	331,550
Brazilian Real (BRL)	**137**	**-**	-	-
Canadian Dollar (CAD)	**5,325**	**20,360**	-	-
Swiss Franc (CHF)	**154,147**	**586,089**	227,719	1,138,533
Euro (EUR)	**98,378**	**1,848,860**	923,127	1,566,648
United Kingdom Pound (GBP)	**402,271**	**431,894**	49,479	847,687
Hong Kong Dollar (HKD)	**-**	**-**	-	-
Japanese Yen (JPY)	**5,141**	**432,563**	201,482	555,294
Malaysian Ringgit (MYR)	**2,823**	**198,473**	-	-
Thai Baht (THB)	**-**	**139,877**	-	-
United States of America Dollar (USD)	**1,954,811**	**3,879,364**	894,350	4,845,218

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9. Financial risk management (continued)

9.1 Financial risk factors (continued)

9.1.1 Market risk (continued)

(b) Foreign exchange risk (continued)

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:

	31 March 2014		31 March 2013	
	Monetary assets	**Non-monetary assets**	Monetary assets	Non-monetary assets
	$	**$**	$	$
Exchange rates increased by 5%	**(124,906)**	**(375,770)**	(109,341)	(442,140)
Exchange rates decreased by 5%	**138,054**	**415,324**	120,850	488,681

(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 Trust may hold cash and cash equivalents in New Zealand dollars that expose the Trust to cash flow interest rate risk.

	31 March 2014	31 March 2013
	$	$
Cash and cash equivalents, margin deposits and foreign cash deposits		
At call	**3,475,049**	3,438,793

At 31 March 2014, had the interest rate increased or decreased by 1% with all other variables held constant, the impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders by the end of the following 12 month period would have been a increase or decrease of approximately $34,750 (31 March 2013: $34,388).

9.1.2 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 Trust. The Trust 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 Trustee 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 Trust has no significant concentration of credit risk.

The Trust's cash holdings are invested with ANZ National Bank Limited which is rated as AA- by Standard & Poors (2013: AA-). The Trust also has cash balances held by its custodian, BNP Paribas which is rated A+ by Standard & Poors (2013: A+).

9.1.3 Liquidity risk

Liquidity risk is the risk that the Trust 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 Trust 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. Only a limited proportion of its assets in investments are not actively traded on a recognised stock exchange.

The Trust may periodically invest in derivative contracts traded over the counter for the purposes of hedging foreign exchange exposure. The Trust 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.

The table below analyses the Trust'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.

	31 March 2014	31 March 2013
	$	$
Due to brokers		
Less than 7 days	**47,974**	-
Related party payables		
7 days to 1 month	**16,074**	18,407
Distribution payable		
Less than 7 days	90,316	276,442
Other payables		
Less than 7 days	**43,726**	609,529
7 days to 1 month	**4,121**	2,396
1-12 months	**16,922**	26,829
	64,769	638,754

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9. Financial risk management (continued)

9.2 Capital risk management

The Trust's capital is represented by Net assets attributable to Unitholders. The Trust's objectives when managing capital are to provide returns for Unitholders through both capital growth and income. The Trust does this by investing in a diversified portfolio of equities listed on exchanges in New Zealand, Australia, the United States of America, Asia and Europe. Investment decisions are guided by the mandate included in the investment statement and prospectus.

The Trust strives to invest the subscriptions of Unitholder funds in investments that meet the Trust's objectives while maintaining sufficient liquidity to meet Unitholder redemptions.

The Trust 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.

9.3 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 Trust 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 Trust 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.

The Trust adopted the amendment to NZ IFRS 7, effective 1 April 2009. This requires the Trust 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 Trust's financial assets (by class) measured at fair value:

	31 March 2014	31 March 2013
	$	**$**
Assets		
Level 1		
Financial assets designated at fair value through profit or loss at inception:		
Listed equities	**8,181,760**	9,527,969
Level 2		
Financial assets designated at fair value through profit or loss at inception:		
Unlisted/OTC equities	**271,274**	260,906

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

The Trust does hold some equity securities which are not listed on recognised exchanges or are only traded by a limited number of market participants. For these securities quoted prices are available but more judgement is required by the Manager as to whether the quoted prices reflect the fair value of the securities. These securities are classified with level 2.

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

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 include cash on hand, deposits held with banks and other short-term investments in an active market. Amounts due to and from brokers represent the contractual amount due to or payable by the Trust for settlement of trades. Other receivables represent dividends receivable and cash due for units issued where the Trustee has not yet passed the funds to the Trust. Related party payables and other payables represent expenses incurred by the Trust that have yet to be invoiced. Distributions payable represent any distributions declared before the balance date that will be settled by payment of cash after the balance date. Withdrawals payable are redemption requests received before the year end that have not yet been paid to unitholders.

All of the above have been classified as level 2 in the fair value hierarchy.

11. Events occurring after the Balance Date

No significant events have occurred since Balance Date which would impact on the financial position of the Trust disclosed in the Balance Sheet as at 31 March 2014 or on the results and cash flows of the Trust for the year ended on that date (31 March 2013 : none).

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Independent auditor's report

To the Unitholders of Elevation Capital Value Fund

Report on the financial statements

We have audited the accompanying financial statements of Elevation Capital Value Fund ("the Trust") on pages 3 to 14. The financial statements comprise the balance sheet as at 31 March 2014, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the financial statements

The Manager is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Our firm has also provided other audit related services to the Trust, in relation to Trustee Reporting and Prospectus Reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the Trust on normal terms within the ordinary course of trading activities of the business of the Trust. These matters have not impaired our independence as auditor of the Trust. The firm has no other relationship with, or interest in, the Trust.

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Opinion

In our opinion the financial statements on pages 3 to 14:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Trust as at 31 March 2014 and of the financial performance and cash flows of the Trust for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Trust as far as appears from our examination of those records.

KPMG

5 August 2014
Auckland