

# **Tribeca Global Natural Resources Fund**

ARSN 607 181 715

**Annual report**

**For the year ended 30 June 2021**

# Tribeca Global Natural Resources Fund

ARSN 607 181 715

## Annual report For the year ended 30 June 2021

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This annual report covers Tribeca Global Natural Resources Fund as an individual entity.

The Responsible Entity of Tribeca Global Natural Resources Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street  
Melbourne, VIC 3000.

## Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Tribeca Global Natural Resources Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2021.

### Principal activities

The Fund's investment objective is to achieve positive absolute returns in excess of the Bloomberg AusBond Bank Bill Index over the long term by taking both long and short positions in selected natural resource shares globally in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The various service providers for the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	Equity Trustees Limited
Investment Manager	Tribeca Investment Partners Pty Ltd
Custodian and Administrator	JPMorgan Chase Bank, N.A.
Prime Brokers	UBS AG Australia Branch and Morgan Stanley International plc
Statutory Auditor	PricewaterhouseCoopers

### Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

### Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance and the Fund's benchmark returns for the year ended 30 June 2021 were as follows:

<b>Class Name</b>	<b>Benchmark</b>	<b>Net return (net of fees)</b>	<b>Benchmark return</b>
Class A	Bloomberg AusBond Bank Bill Index	<b>95.53%</b>	<b>0.06%</b>
Class B	Bloomberg AusBond Bank Bill Index	<b>95.54%</b>	<b>0.06%</b>
Class C	Bloomberg AusBond Bank Bill Index	<b>94.51%</b>	<b>0.06%</b>
Class D	Bloomberg AusBond Bank Bill Index	<b>93.38%</b>	<b>0.06%</b>
Class K	Bloomberg AusBond Bank Bill Index	<b>95.88%</b>	<b>0.06%</b>
Class N	Bloomberg AusBond Bank Bill Index	<b>1.10%</b>	<b>0.06%</b>

## Directors' report (continued)

### Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2021	30 June 2020
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	32,445	(30,678)
<b>Distributions - Class A Units</b>		
Distributions paid and payable (\$'000)	-	15,117
Distributions (cents per unit)	-	22.82
<b>Distributions - Class B Units</b>		
Distributions paid and payable (\$'000)	-	57
Distributions (cents per unit)	-	27.55
<b>Distributions - Class C Units</b>		
Distributions paid and payable (\$'000)	-	62
Distributions (cents per unit)	-	13.66
<b>Distributions - Class D Units</b>		
Distributions paid and payable (\$'000)	-	360
Distributions (cents per unit)	-	23.98
<b>Distributions - Class K Units</b>		
Distributions paid and payable (\$'000)	-	5,535
Distributions (cents per unit)	-	13.88
<b>Distributions - Class N Units</b>		
Distributions paid and payable (\$'000)	-	-
Distributions (cents per unit)	-	-

### Significant changes in the state of affairs

The Fund issued 4,066,359 units under the new Class N valued at \$4,100,000 during the year ended 30 June 2021.

Ian C Westley resigned as a director of Equity Trustees Limited on 3 July 2020.

Harvey H Kalman resigned as a director of Equity Trustees Limited on 1 September 2020.

Russell W Beasley was appointed as a director of Equity Trustees Limited on 1 September 2020.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

### COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Fund's investment portfolio. There is still some uncertainty around the impact of the COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Fund. The Investment Manager however, actively manages the financial risks that the Fund is exposed to, and the Net Asset Values of the Fund continue to be valued in accordance with the frequency set out in the Fund's Offer Documents, applying valuation policies reflective of the prevailing market conditions.

## **Directors' report (continued)**

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Fund in future financial years.

### **Likely developments and expected results of operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### **Indemnification and insurance of officers**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### **Indemnification of auditor**

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

### **Fees paid to and interests held in the Fund by the Responsible Entity and its associates**

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in Note 15 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 15 to the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 8 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

### **Environmental regulation**

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

### **Rounding of amounts to the nearest thousand dollars**

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

## **Directors' report (continued)**

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry  
Chairman

Melbourne  
18 October 2021



## *Auditor's Independence Declaration*

As lead auditor for the audit of Tribeca Global Natural Resources Fund for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'G. Sagonas', is written over a light blue horizontal line.

George Sagonas  
Partner  
PricewaterhouseCoopers

Melbourne  
18 October 2021

**Tribeca Global Natural Resources Fund**  
**Statement of comprehensive income**  
**For the year ended 30 June 2021**

**Statement of comprehensive income**

	Note	Year ended	
		30 June 2021	30 June 2020
		\$'000	\$'000
<b>Investment income</b>			
Interest income from financial assets at fair value through profit or loss		-	324
Dividend income		490	994
Net foreign exchange gain/(loss)		589	(2,571)
Net gains/(losses) on financial instruments at fair value through profit or loss		33,684	(24,355)
Other income		<u>41</u>	<u>8</u>
<b>Total investment income/(loss)</b>		<b><u>34,804</u></b>	<b><u>(25,600)</u></b>
<b>Expenses</b>			
Dividend expense on short positioned securities		214	867
Interest expense		330	1,074
Management fees	15	1,003	1,748
Performance fees	15	47	-
Custody and administration fees		175	99
Withholding taxes		31	65
Transaction costs		494	949
Other expenses		<u>65</u>	<u>276</u>
<b>Total expenses</b>		<b><u>2,359</u></b>	<b><u>5,078</u></b>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<b><u>32,445</u></b>	<b><u>(30,678)</u></b>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders	9	-	(21,131)
(Increase)/decrease in net assets attributable to unit holders	8	<u>(32,445)</u>	<u>51,809</u>
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>-</u></b>	<b><u>-</u></b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*



**Statement of financial position**

	Note	As at	
		30 June 2021 \$'000	30 June 2020 \$'000
<b>Assets</b>			
Cash and cash equivalents	10	28,991	26,496
Receivables	12	14	5
Due from brokers - receivable for securities sold		591	361
Financial assets at fair value through profit or loss	5	<u>89,793</u>	<u>40,813</u>
<b>Total assets</b>		<u>119,389</u>	<u>67,675</u>
<b>Liabilities</b>			
Borrowings	10	40,223	26,313
Payables	13	217	98
Due to brokers - payable for securities purchased		1,024	1,741
Financial liabilities at fair value through profit or loss	6	<u>6,171</u>	<u>2,096</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u>47,635</u>	<u>30,248</u>
<b>Net assets attributable to unit holders - liability</b>	8	<u>71,754</u>	<u>37,427</u>

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

**Tribeca Global Natural Resources Fund**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

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**Statement of changes in equity**

	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
<b>Total equity at the beginning of the financial year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>
<b>Total equity at the end of the financial year*</b>	<u>-</u>	<u>-</u>

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

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

**Tribeca Global Natural Resources Fund**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

**Statement of cash flows**

	Note	Year ended	
		30 June 2021 \$'000	30 June 2020 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		126,618	132,272
Payments for purchase of financial instruments at fair value through profit or loss		(138,786)	(77,827)
Net movement in margin accounts		-	2,222
Loans to related parties		-	1,203
Transaction costs on purchase of financial instruments at fair value		(494)	(949)
Interest income received from financial assets at fair value through profit or loss		-	324
Dividends income received		462	924
Other income received		41	68
Dividend expense paid on short position securities		(214)	(867)
Management fees paid		(948)	(1,958)
Custody and administration fees paid		(162)	(155)
Interest expense paid		(330)	(1,074)
Other expenses paid		(73)	(357)
<b>Net cash inflow/(outflow) from operating activities</b>	11(a)	<u>(13,886)</u>	<u>53,826</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		8,275	41,580
Payments for redemptions by unit holders		(6,393)	(128,153)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>1,882</u>	<u>(86,573)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(12,004)</b>	<b>(32,747)</b>
Cash and cash equivalents at the beginning of the year		183	35,501
Effect of foreign currency exchange rate changes on cash and cash equivalents		589	(2,571)
<b>Cash and cash equivalents at the end of the year</b>	10	<u>(11,232)</u>	<u>183</u>
Non-cash operating and financing activities	11(b)	-	-

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

## **Notes to the financial statements**

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## 1 General information

These financial statements cover Tribeca Global Natural Resources Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 17 July 2015. The Fund will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The Fund's investment objective is to achieve positive absolute returns in excess of the Bloomberg AusBond Bank Bill Index over the long term by taking both long and short positions in selected natural resource shares globally in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Fund's investment portfolio. There is still some uncertainty around the impact of the COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Fund. The Investment Manager however, actively manages the financial risks that the Fund is exposed to, and the Net Asset Values of the Fund continue to be valued in accordance with the frequency set out in the Fund's Offer Documents, applying valuation policies reflective of the prevailing market conditions.

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

## 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 to all years presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

#### *(i) Compliance with International Financial Reporting Standards (IFRS)*

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

#### *(ii) New and amended standards adopted by the Fund*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

#### *(iii) New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments**

#### *(i) Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business objective. Consequently, the debt securities are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers, receivables and margin accounts, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (borrowings, distributions payable, management fees payable, performance fees payable, custody and administration fees payable, other payables, due to brokers).

#### *(ii) Recognition and derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### *(iii) Measurement*

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### *(iii) Measurement (continued)*

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables, due from brokers, margin accounts are carried at amortised cost.

#### *(iv) Impairment*

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, receivables, due from brokers and margin accounts) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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

#### *(v) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has 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.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

### **(c) Net assets attributable to unit holders**

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Funds, and it is not a contract settled in the Funds' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The units in the Fund are classified as financial liabilities as they do not meet the requirements of equity in accordance with AASB 132 *Financial instruments: Presentation*.

The units can be put back to the Fund at any time for cash based on the redemption price which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

## **2 Summary of significant accounting policies (continued)**

### **(d) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Fund's main income generating activity.

### **(e) Margin accounts**

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

### **(f) Investment income and expenses**

#### *(i) Interest income*

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through the profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### *(ii) Dividends and distributions*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

### **(g) Expenses**

All expenses are recognised in the statement of comprehensive income on an accruals basis.

### **(h) Income tax**

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

### **(i) Distributions**

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

### **(j) Increase/decrease in net assets attributable to unit holders**

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.



## **2 Summary of significant accounting policies (continued)**

### **(k) Foreign currency translation**

#### *(i) Functional and presentation currency*

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

### **(l) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

### **(m) Receivables**

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

### **(n) Payables**

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective at 30 June of the same financial year.

### **(o) Applications and redemptions**

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 units redeemed.

### **(p) Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### **(q) Use of estimates and judgments**

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **2 Summary of significant accounting policies (continued)**

### **(q) Use of estimates and judgments (continued)**

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model, has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

### **(r) Rounding of amounts**

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

### **(s) Comparative revisions**

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## **3 Financial risk management**

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also 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 policy allows it to use derivative financial instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Tribeca Investment Partners Pty Ltd under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risk, and ratings analysis for credit risk.

The Fund entered into an agreement effective 22 May 2018 to provide credit lending facility as allowable under the Fund's product disclosure statement. As at 30 June 2021, the credit facility was \$nil (2020: \$nil). The Fund may also use lending, including lending capital to other funds (including those managed by the Investment Manager) at market rates or above, to gain exposure to credit opportunities in the global natural resources sector.

### **(a) Market risk**

#### *(i) Price risk*

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges and debt securities measured at fair value. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The Investment Manager aims to moderate price risk by selecting securities and other financial instruments carefully, within the investment objectives set by the IMA and monitoring them on a daily basis.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price risk (continued)

The table in Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible change that the markets in which the Fund invests moves by +/-10% (2020: +/-10%).

##### (ii) Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk is managed as a part of price risk and measured using sensitivity analysis.

The table below summarises the fair value of the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

	US Dollars A\$'000	British Pounds A\$'000	All other foreign currencies A\$'000
<b>As at 30 June 2021</b>			
Cash and cash equivalents	-	-	169
Receivables	1	-	-
Financial assets at fair value through profit or loss	6,188	4,464	20,952
Borrowings	(1,561)	(2,249)	(15,748)
Payables	(1)	(1)	(11)
Due to brokers - payable for securities purchased	(49)	-	(72)
Financial liabilities at fair value through profit or loss	<u>(16)</u>	<u>-</u>	<u>(336)</u>
<b>Net exposure</b>	<u>4,562</u>	<u>2,214</u>	<u>4,954</u>
<b>As at 30 June 2020</b>			
Cash and cash equivalents	-	-	16
Receivables	-	-	5
Financial assets at fair value through profit or loss	4,817	3,565	9,887
Borrowings	(7,969)	(3,400)	(14,944)
Payables	(6)	(2)	(10)
Due to brokers - payable for securities purchased	(5)	(24)	(69)
Financial liabilities at fair value through profit or loss	<u>(312)</u>	<u>(325)</u>	<u>(41)</u>
<b>Net exposure</b>	<u>(3,475)</u>	<u>(186)</u>	<u>(5,156)</u>

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2020: +/-10%) against the material foreign currencies to which the Fund is exposed.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial instruments expose it to risks associated with the effects of fluctuation in the prevailing market interest rate on its financial position and cash flows. The risk is measured using sensitivity analysis. The impact of interest rate risk on profit and net assets attributable to unit holders is considered immaterial to the Fund.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

The Fund's main interest rate risk arises from its investments in fixed interest securities and borrowings.

The table summarises the Fund's exposure to interest rate risk at the end of the reporting period.

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>As at 30 June 2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	28,991	-	-	28,991
Receivables	-	-	14	14
Due from brokers - receivable for securities sold	-	-	591	591
Financial assets at fair value through profit or loss	<u>4,286</u>	<u>-</u>	<u>85,507</u>	<u>89,793</u>
<b>Total financial assets</b>	<u>33,277</u>	<u>-</u>	<u>86,112</u>	<u>119,389</u>
<b>Financial liabilities</b>				
Borrowings	40,223	-	-	40,223
Payables	-	-	217	217
Due to brokers - payable for securities purchased	-	-	1,024	1,024
Financial liabilities at fair value through profit or loss	<u>16</u>	<u>-</u>	<u>6,155</u>	<u>6,171</u>
<b>Total financial liabilities</b>	<u>40,239</u>	<u>-</u>	<u>7,396</u>	<u>47,635</u>
<b>Net exposure</b>	<u>(6,962)</u>	<u>-</u>	<u>78,716</u>	<u>71,754</u>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2020				
Financial assets				
Cash and cash equivalents	26,496	-	-	26,496
Receivables	-	-	5	5
Due from brokers - receivable for securities sold	-	-	361	361
Financial assets at fair value through profit or loss	<u>2,854</u>	<u>-</u>	<u>37,959</u>	<u>40,813</u>
Total financial assets	<u>29,350</u>	<u>-</u>	<u>38,325</u>	<u>67,675</u>
Financial liabilities				
Borrowings	26,313	-	-	26,313
Payables	-	-	98	98
Due to brokers - payable for securities purchased	-	-	1,741	1,741
Financial liabilities at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>2,096</u>	<u>2,096</u>
Total financial liabilities	<u>26,313</u>	<u>-</u>	<u>3,935</u>	<u>30,248</u>
Net exposure	<u>3,037</u>	<u>-</u>	<u>34,390</u>	<u>37,427</u>

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates in the Fund's operating profit and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that the interest rates changed by +/- 100 basis points (2020: +/- 100 basis points) from the year end rates with all other variables held constant.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unit holders					
	Price risk		Foreign exchange risk		Interest rate risk	
	+10%	-10%	+10%	-10%	+100bps	-100bps
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2021	7,935	(7,935)	1,173	(1,173)	(70)	70
As at 30 June 2020	3,621	(3,621)	2,641	(2,641)	30	(30)

### 3 Financial risk management (continued)

#### (c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund's credit risk primarily arises from cash and cash equivalents and due from broker balances. The Fund's strategy includes holding short positions. Short equity positions are facilitated through the Prime Brokers, UBS AG and Morgan Stanley International plc, under an Australian Securities Lending Agreement ("ASLA"). Under the terms of the ASLA, the Fund delivers the required collateral in the form of security title to certain investments, cash and other assets to UBS and Morgan Stanley. At 30 June 2021, the collateral was \$45,569,432 (2020: \$25,524,278) for UBS and \$21,536,030 (2020: \$17,220,765) for Morgan Stanley International plc. UBS and Morgan Stanley International plc have Standard & Poors credit rating of A-1 and A-2 respectively (2020: UBS A-1 and Morgan Stanley A-2). The Investment Manager monitors the Prime Brokers' credit ratings on an annual basis.

##### (i) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

##### (ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA (as determined by the S&P) or higher.

#### (d) 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.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements

The Investment Manager therefore aims to invest majority of its assets in listed securities which are traded in an active market and can be readily disposed of, though the liquidity of investments is not guaranteed.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2021 and 2020.

##### (i) Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

##### (ii) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
<b>As at 30 June 2021</b>					
Portfolio equity swap					
(Outflows)	-	-	-	(16)	(16)
<b>Total net settled derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>(16)</b>
<b>As at 30 June 2020</b>					
Portfolio equity swap					
(Outflows)	-	-	-	(342)	(342)
<b>Total net settled derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(342)</b>	<b>(342)</b>

## 4 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 5 and Note 6)
- Derivative financial instruments (see Note 7)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

### (a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of its investments, the Fund relies on the information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

### (b) Fair value in an inactive or unquoted market (level 2)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period 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 a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

## 4 Fair value measurement (continued)

### (c) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2021.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2021</b>				
<b>Financial assets</b>				
Domestic exchange traded options	-	141	-	141
Foreign exchange traded options	-	238	-	238
Portfolio equity swaps	-	4,286	-	4,286
Listed equity securities	84,308	-	-	84,308
Listed unit trusts	820	-	-	820
<b>Total financial assets</b>	<b>85,128</b>	<b>4,665</b>	<b>-</b>	<b>89,793</b>
<b>Financial liabilities</b>				
Portfolio equity swaps	-	16	-	16
Listed equity securities	6,155	-	-	6,155
<b>Total financial liabilities</b>	<b>6,155</b>	<b>16</b>	<b>-</b>	<b>6,171</b>
<b>As at 30 June 2020</b>				
<b>Financial assets</b>				
Foreign exchange traded options	-	176	-	176
Portfolio equity swaps	-	2,854	-	2,854
Listed equity securities	37,783	-	-	37,783
<b>Total financial assets</b>	<b>37,783</b>	<b>3,030</b>	<b>-</b>	<b>40,813</b>
<b>Financial liabilities</b>				
Portfolio equity swaps	-	342	-	342
Listed equity securities	1,754	-	-	1,754
<b>Total financial liabilities</b>	<b>1,754</b>	<b>342</b>	<b>-</b>	<b>2,096</b>

### (d) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.



#### 4 Fair value measurement (continued)

##### (e) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the year ended 30 June 2021 and 30 June 2020 by class of financial instrument.

	Unlisted equity securities \$'000	Convertible notes \$'000	Total \$'000
<b>Opening balance - 1 July 2019</b>	3,117	6,605	9,722
Transfers into Level 3	-	-	-
Purchases	466	944	1,410
Sales	(1,105)	(7,389)	8,494
Gains/(losses) recognised in the statements of comprehensive income	<u>(2,478)</u>	<u>(160)</u>	<u>(2,638)</u>
<b>Closing balance - 30 June 2020*</b>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers into Level 3	-	-	-
Purchases	-	-	-
Sales	-	-	-
Gains/(losses) recognised in the statements of comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
<b>Closing balance - 30 June 2021*</b>	<u>-</u>	<u>-</u>	<u>-</u>

\* Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period.

##### (f) Financial instruments not carried at fair value

The carrying values of receivables and payables approximate their fair values due to their short-term nature.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

#### 5 Financial assets at fair value through profit or loss

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Domestic exchange traded options	141	-
Foreign exchange traded options	238	176
Portfolio equity swaps	4,286	2,854
Listed equity securities	84,308	37,783
Listed unit trusts	<u>820</u>	<u>-</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>89,793</u>	<u>40,813</u>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

## 6 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Portfolio equity swaps	16	342
Listed equity securities	<u>6,155</u>	<u>1,754</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<u><b>6,171</b></u>	<u><b>2,096</b></u>

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

## 7 Derivative financial instruments

In the normal course of business, the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy and/or adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds the following derivatives:

### (a) Portfolio equity swaps

An equity swap is an exchange of future cash flows between two parties that allows each party to diversify its income for a specified period of time while still holding its original assets. The fair value of the equity swap is calculated using the underlying swap assets' exchange listed market prices.

### (b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Fund are exchange-traded. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

The Fund's derivative financial instruments measured at fair value at year end are detailed below:

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
<b>As at 30 June 2021</b>			
Domestic exchange traded options	27	141	-
Foreign exchange traded options	7	238	-
Portfolio equity swaps	<u>4,172</u>	<u>4,286</u>	<u>16</u>
<b>Total derivatives</b>	<u><b>4,206</b></u>	<u><b>4,665</b></u>	<u><b>16</b></u>
<b>As at 30 June 2020</b>			
Foreign exchange traded options	24	176	-
Portfolio equity swaps	<u>4,247</u>	<u>2,854</u>	<u>342</u>
<b>Total derivatives</b>	<u><b>4,271</b></u>	<u><b>3,030</b></u>	<u><b>342</b></u>

## 8 Net assets attributable to unit holders - liability

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	Year ended		Year ended	
	30 June 2021 Units '000	30 June 2021 \$'000	30 June 2020 Units '000	30 June 2020 \$'000
<b>Class A Units</b>				
Opening balance	36,061	35,567	101,992	165,363
Applications	1,952	2,982	512	716
Redemptions	(4,651)	(6,002)	(66,443)	(90,516)
Increase/(decrease) in net assets attributable to unit holders	-	<u>30,637</u>	-	<u>(39,996)</u>
<b>Closing balance</b>	<u>33,362</u>	<u>63,184</u>	<u>36,061</u>	<u>35,567</u>
<b>Class B Units</b>				
Opening balance	98	115	242	470
Applications	1	2	3	5
Redemptions	(41)	(48)	(147)	(176)
Increase/(decrease) in net assets attributable to unit holders	-	<u>64</u>	-	<u>(184)</u>
<b>Closing balance</b>	<u>58</u>	<u>133</u>	<u>98</u>	<u>115</u>
<b>Class C Units</b>				
Opening balance	339	201	824	798
Applications	42	50	-	-
Redemptions	(15)	(14)	(485)	(387)
Increase/(decrease) in net assets attributable to unit holders	-	<u>177</u>	-	<u>(210)</u>
<b>Closing balance</b>	<u>366</u>	<u>414</u>	<u>339</u>	<u>201</u>
<b>Class D Units</b>				
Opening balance	1,030	1,071	5,395	9,178
Applications	783	1,117	-	-
Redemptions	(87)	(105)	(4,365)	(6,845)
Increase/(decrease) in net assets attributable to unit holders	-	<u>1,333</u>	-	<u>(1,262)</u>
<b>Closing balance</b>	<u>1,726</u>	<u>3,416</u>	<u>1,030</u>	<u>1,071</u>
<b>Class K Units</b>				
Opening balance	787	473	-	-
Applications	20	24	40,957	40,859
Redemptions	(380)	(224)	(40,170)	(30,229)
Increase/(decrease) in net assets attributable to unit holders	-	<u>222</u>	-	<u>(10,157)</u>
<b>Closing balance</b>	<u>427</u>	<u>495</u>	<u>787</u>	<u>473</u>
<b>Class N Units</b>				
Applications	4,066	4,100	-	-
Redemptions	-	-	-	-
Increase/(decrease) in net assets attributable to unit holders	-	<u>12</u>	-	-
<b>Closing balance</b>	<u>4,066</u>	<u>4,112</u>	-	-
<b>Closing balance</b>		<u>71,754</u>		<u>37,427</u>

## 8 Net assets attributable to unit holders - liability (continued)

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

The Fund issued 4,066,359 units under the new Class N valued at \$4,100,000 during the year ended 30 June 2021.

There are 6 separate classes of units. Units under a new Class N have been issued during the year ended 30 June 2021. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate and investment restrictions.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

### Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

## 9 Distributions to unit holders

There were no distributions declared for the year ended 30 June 2021.

	Year ended		Year ended	
	30 June 2021 \$'000	30 June 2021 CPU	30 June 2020 \$'000	30 June 2020 CPU
<b>Distributions - Class A Units</b>				
December	-	-	15,117	22.82
<b>Total distributions</b>	-	-	15,117	22.82
<b>Distributions - Class B Units</b>				
December	-	-	57	27.55
<b>Total distributions</b>	-	-	57	27.55
<b>Distributions - Class C Units</b>				
December	-	-	62	13.66
<b>Total distributions</b>	-	-	62	13.66
<b>Distributions - Class D Units</b>				
December	-	-	360	23.98
<b>Total distributions</b>	-	-	360	23.98
<b>Distributions - Class K Units</b>				
December	-	-	5,535	13.88
<b>Total distributions</b>	-	-	5,535	13.88
<b>Distributions - Class N Units</b>				
December	-	-	-	-
<b>Total distributions</b>	-	-	-	-
<b>Total distributions</b>	-	-	21,131	

## 10 Cash and cash equivalents

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Cash at bank	28,822	26,480
Foreign cash at bank	169	16
Bank overdraft	<u>(40,223)</u>	<u>(26,313)</u>
<b>Total cash and cash equivalents</b>	<b><u>(11,232)</u></b>	<b><u>183</u></b>

## 11 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2021 \$'000	30 June 2020 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Increase/(decrease) in net assets attributable to unit holders	32,445	(51,809)
Distributions to unit holders	-	21,131
Proceeds from sale of financial instruments at fair value through profit or loss	126,618	132,272
Payments for purchase of financial instruments at fair value through profit or loss	(138,786)	(77,827)
Net (gains)/losses on financial instruments at fair value through profit or loss	(33,684)	24,355
Net foreign exchange (gain)/loss	(589)	2,571
Net change in margin accounts	-	2,222
Net change in receivables	(9)	1,258
Net change in payables	<u>119</u>	<u>(347)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>(13,886)</u></b>	<b><u>53,826</u></b>
<b>(b) Non-cash operating and financing activities</b>		
Sale of assets (in-specie) to the SPV	-	21,131
Purchase of units (in-specie) in the SPV	-	21,131
In-specie transfer of units of the SPV to the unit holders for settlement of distributions	-	21,131

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 12 Receivables

	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Dividends receivable	-	5
Tax reclaim receivable	2	-
GST receivable	<u>12</u>	<u>-</u>
<b>Total receivables</b>	<u><b>14</b></u>	<u><b>5</b></u>

## 13 Payables

	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Management fees payable	116	61
Performance fees payable	47	-
Custody and administration fees payable	27	14
Other payables	<u>27</u>	<u>23</u>
<b>Total payables</b>	<u><b>217</b></u>	<u><b>98</b></u>

## 14 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2021	30 June 2020
	\$	\$
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	22,000	31,105
Audit of compliance plan	<u>2,346</u>	<u>5,000</u>
Total remuneration for audit and other assurance services	<u><b>24,346</b></u>	<u><b>36,105</b></u>
<i>Taxation services</i>		
Tax compliance services	<u>13,855</u>	<u>13,448</u>
Total remuneration for taxation services	<u><b>13,855</b></u>	<u><b>13,448</b></u>
<b>Total remuneration of PricewaterhouseCoopers</b>	<u><b>38,201</b></u>	<u><b>49,553</b></u>

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

## 15 Related party transactions

The Responsible Entity of the Tribeca Global Natural Resources Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to Tribeca Investment Partners Pty Ltd to act as Investment Manager for the Fund and JPMorgan Chase Bank N.A. to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

### (a) Key management personnel

#### (i) Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

#### (ii) Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

#### (iii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial year.

### (b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

### (c) Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2021 (30 June 2020: nil).

### (d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

### (e) Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

### (f) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving management personnel's interests existing at year end.

### (g) Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and the Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

## 15 Related party transactions (continued)

### (g) Responsible Entity fees, Investment Manager's fees and other transactions

The transactions during the year and amounts payable at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2021	30 June 2020
	\$	\$
Management fees for the year	970,705	1,681,083
Performance fees for the year	46,638	-
Responsible Entity fees for the year	32,657	66,570
Management fees payable at year end	106,119	54,239
Performance fees payable at year end	46,638	-
Responsible Entity fees payable at year end	9,893	6,881

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

The management fees borne by the Fund are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers. Expense recoveries include Responsible Entity fees, Custodian and Administrator fees and other expenses.

### (h) Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by the Equity Trustees Limited and the Investment Manager) hold units in the Fund, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
<b>As at 30 June 2021</b>							
Tribeca Global Resource Pty Ltd (Tribeca Global Natural Resources Fund Class D)	-	830	1,489	0.00	830	-	-
Tribeca Global Resource Pty Ltd (Tribeca Global Natural Resources Fund Class A)	-	621	1,114	0.00	621	-	-
<b>As at 30 June 2020</b>							
Mainstream Fund Services Pty Ltd							
ACF Melling Dynamic Volatility Fund	115,276	-	-	-	-	115,276	-

### (i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2020: nil).

## 16 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2021 or on the results and cash flows of the Fund for the year ended on that date.

## 17 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2021 and 30 June 2020.



## **Directors' declaration**

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 30 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry  
Chairman

Melbourne  
18 October 2021



## *Independent auditor's report*

To the unitholders of Tribeca Global Natural Resources Fund

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### *Our opinion*

In our opinion:

The accompanying financial report of Tribeca Global Natural Resources Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *What we have audited*

The financial report comprises:

- the statement of financial position as at 30 June 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### *Independence*

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### *Other information*

The directors of Equity Trustees Limited (the Responsible Entity) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

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### *Responsibilities of the directors of the Responsible Entity for the financial report*

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

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'George Sagonas'.

George Sagonas  
Partner

Melbourne  
18 October 2021