



*Fairview Equity Partners
Emerging Companies Fund*

ARSN 133 197 501

Financial Report

For the year ended 30 June 2019

Fairview Equity Partners Emerging Companies Fund

(ARSN 133 197 501)

Financial Report

For the year ended 30 June 2019

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Directors' report

The Directors of Antares Capital Partners Limited, the Responsible Entity of Fairview Equity Partners Emerging Companies Fund, (the 'Scheme') present their report together with the financial report of the Scheme for the year ended 30 June 2019 and the independent audit report thereon.

Directors of the Responsible Entity

The names of the persons who were Directors of Antares Capital Partners Limited during or since the year ended 30 June 2019 are as follows:

Name	Appointment/Resignation Date
J G Duffield	Appointed 7 July 2014
P Gupta	Appointed 7 July 2014
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

The registered office of Antares Capital Partners Limited is located at Ground Floor, MLC Building, 105-153 Miller St, North Sydney NSW 2060.

Principal activities

The Scheme is an unlisted registered managed investment scheme domiciled in Australia.

The Scheme invests and transacts in listed equities in accordance with the provisions of the Constitution of the Scheme.

The Scheme did not have any employees during the year (2018: Nil).

There have been no significant changes to the activities of the Scheme during the year.

The Scheme is a for profit entity for the purposes of preparing financial statements.

Results and review of operations

The results of the operations of the Scheme is disclosed in the Statement of Profit or Loss and Other Comprehensive Income. The result is affected by the performance of the markets to which the Scheme has exposure.

For details in relation to the Scheme's investment exposure and strategy, information can be obtained from the Product Disclosure Statement.

Distributions

The distributions for the year ended 30 June 2019 was as follows:

	\$'000	c/unit
Distributions paid and payable	55,623	40.55

Units on issue

Units on issue as at year end and movements during the year are shown in Statement of Changes in Unitholders Funds.

The total assets of the Scheme are set out in the Statement of Financial Position. The basis for valuation of the Scheme's assets is disclosed in Note 1 to the financial statements.

State of affairs

The Responsible Entity's ultimate parent entity National Australia Bank Limited announced on 3 May 2018 its intention to exit the Advice, Platform & Superannuation and Asset Management businesses, currently operating under MLC and other related brands. The transaction is expected to be completed in 2020 subject to certain conditions and regulatory approvals; with the ultimate parent entity expected to change when the exit process is complete. In the opinion of the Directors this transaction does not impact on the Responsible Entity's ability to perform its duties.

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Scheme that occurred during the year end unless otherwise disclosed.

Likely developments

The Scheme will continue to pursue its policy of competitive returns through a selection process that identifies investment managers in each asset class.

Further information about likely developments in the operations of the Scheme and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Scheme.

Auditor's independence

The Directors received a declaration of independence which was issued in accordance with section 307C of the Corporations Act 2001, from the auditor of the Scheme, a copy of which is attached to the Directors' report on page 4.

Events subsequent to the balance date

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

Interests of the Responsible Entity

Units held by Antares Capital Partners Limited and its related parties in the scheme during the financial year ended 30 June 2019 are detailed in Note 8(g) and Note 8(h) to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 30 June 2019 are detailed in Note 8(e) to the financial statements.

Environmental Regulation

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

Indemnities and insurance premiums for Officers or Auditors

Indemnification

The Scheme has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Scheme during the year.

Insurance premiums

During the year, the ultimate parent company of the Responsible Entity, National Australia Bank Limited, has paid, or agreed to pay, premiums in respect of its officers for liability, legal expenses, insurance contracts, and premiums in respect of such insurance contracts, for the financial year ended 30 June 2019. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

Rounding

The Scheme meets the criteria set out in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, and in accordance with that Corporations Instrument, amounts in the financial report and the Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors of Antares Capital Partners Limited:

Director: CLARE KEATING.

Signature: 

Dated at Sydney this 18th day of September 2019



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Antares Capital Partners Limited, as Responsible Entity for Fairview Equity Partners Emerging Companies Fund

As lead auditor for the audit of Fairview Equity Partners Emerging Companies Fund for the financial year ended 30 June 2019, I declare 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 black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Darren Handley-Greaves'.

Darren Handley-Greaves
Partner
18 September 2019

Fairview Equity Partners Emerging Companies Fund
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Investment income			
Dividend and distribution income	2	8,729	9,442
Interest income		205	155
Changes in the fair value of financial assets and liabilities at fair value through profit or loss		<u>53,576</u>	<u>86,355</u>
Total investment income		<u>62,510</u>	<u>95,952</u>
Expenses			
Responsible Entity's fees	8(e)	4,445	4,874
Performance fees	8(e)	-	-
Brokerage Fees		<u>1,749</u>	<u>1,235</u>
Total operating expenses		<u>6,194</u>	<u>6,109</u>
Net operating profit/(loss)		<u>56,316</u>	<u>89,843</u>
Financing costs			
Distributions	1(r), 4	-	30,900
Changes in net assets attributable to unitholders	1(q)	<u>-</u>	<u>58,943</u>
Net profit/(loss)		<u>56,316</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Profit/(loss) and total comprehensive income/(loss) for the year end		<u>56,316</u>	<u>-</u>

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Fairview Equity Partners Emerging Companies Fund
Statement of Financial Position
As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	10(b)	50,585	32,467
Receivables	6	669	87
Financial assets at fair value through profit or loss	5, 9(e)	<u>305,000</u>	<u>374,547</u>
Total assets		<u>356,254</u>	<u>407,101</u>
Liabilities			
Accounts payable and accrued expenses	7	228	1,073
Financial liabilities at fair value through profit or loss		-	-
Distribution payable		<u>55,623</u>	<u>30,900</u>
Total liabilities		<u>55,851</u>	<u>31,973</u>
Unitholders Funds - Equity		<u>300,403</u>	<u>375,128</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

Fairview Equity Partners Emerging Companies Fund
Statement of Changes in Unitholders Funds
For the year ended 30 June 2019

	\$'000	No. of units '000
Unitholders Funds at 30 June 2017 - Liability*	397,179	206,501
Applications	54,092	25,937
Redemptions	(135,086)	(63,584)
Change in net assets attributable to unitholders	58,943	-
Unitholders Funds at 30 June 2018 - Equity**	<u>375,128</u>	<u>168,854</u>
Unitholders Funds at 30 June 2018 - Equity**	375,128	168,854
Net Profit/(Loss)	56,316	-
Applications	60,639	27,234
Redemptions	(136,057)	(58,916)
Distributions Paid/Payable	(55,623)	-
Unitholders Funds at 30 June 2019 - Equity	<u>300,403</u>	<u>137,172</u>

*The net assets available to unitholders have been reclassified from liability to equity as at 30 June 2018.

**The unitholders funds are classified as equity as at 30 June 2018, and subsequent years.

The above Statement of Changes in Unitholders Funds is to be read in conjunction with the accompanying notes.

Fairview Equity Partners Emerging Companies Fund
Statement of Cash Flows
For the year ended 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
Cash flows from operating activities			
Dividend and distribution income received		8,142	10,081
Interest received		210	147
Other income received		-	-
Responsible Entity's fees paid		(4,489)	(4,774)
Performance fees paid		-	-
Brokerage cost paid		(1,749)	(1,235)
Other expenses paid		-	-
Net cash provided by/(used in) operating activities	10(a)	<u>2,114</u>	<u>4,219</u>
Cash flows from investing activities			
Proceeds from sale of investments		348,974	261,163
Purchases of investments		<u>(226,652)</u>	<u>(156,424)</u>
Net cash provided by/(used in) investing activities		<u>122,322</u>	<u>104,739</u>
Cash flows from financing activities			
Applications received		54,427	48,259
Redemptions paid		(136,057)	(135,086)
Distributions paid		<u>(24,688)</u>	<u>(20,187)</u>
Net cash provided by/(used in) financing activities		<u>(106,318)</u>	<u>(107,014)</u>
Net increase/(decrease) in cash and cash equivalents		18,118	1,944
Cash and cash equivalents at the beginning of the financial year		<u>32,467</u>	<u>30,523</u>
Cash and cash equivalents at end of financial year	10(b)	<u>50,585</u>	<u>32,467</u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this financial statement are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial report of the Scheme for the financial year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 18 September 2019.

(a) Statement of compliance

The Scheme's financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board ('IASB').

(b) Basis of preparation

The Scheme's financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The assets and liabilities are measured on a fair value basis, except where otherwise stated.

The Statement of Financial Position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are designated as current assets and liabilities as they are expected to be recovered or settled within twelve months. Financial assets and liabilities at fair value through profit or loss and unitholders funds are expected to be settled upon contractual requirements.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The financial statements are presented in Australian Dollars, and all values are rounded to the nearest \$'000 except where otherwise indicated.

(c) Basis of consolidation

The Scheme is an investment entity under the definition in AASB 10 and, as such, does not consolidate any entities subject to its control. Instead, interests in controlled entities are classified at fair value through profit or loss, and measured at fair value. The Scheme does not hold a controlling interest in any of its underlying investments and therefore is not required to provide additional disclosures.

(d) Unit price

The unit price for the units of the Scheme is calculated as at the close of business on each business day.

(e) Terms and conditions on units

Each unit issued confers upon the unitholders of the Scheme an equal interest in the Scheme, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- (i) have their units redeemed;
- (ii) accumulate income, which is reflected in the unit price;
- (iii) attend and vote at meetings of unitholders; and
- (iv) participate in the termination and winding up of the Scheme.

The rights, obligations and restrictions attached to any unit of the Scheme are identical in all respects.

(f) Financial assets and liabilities at fair value through profit or loss

The Scheme has classified all of their investments as at fair value through profit or loss including derivatives which are held for risk management purposes.

Investments are valued at their fair value as at reporting date. Gains and losses arising from changes in the fair value of the financial assets and liabilities at fair value through profit or loss are included in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they arise.

(g) Fair value measurement

Assets and liabilities measured at fair value in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety as detailed below:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(h) Significant accounting judgements, estimates or assumptions

The Scheme may make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.

Estimates and assumptions

Estimates are continually evaluated and based on historical experience, available information and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Financial assets and liabilities at fair value through profit or loss

The scheme measures investments in financial assets and liabilities at fair value through profit or loss. Management applies judgement in selecting valuation techniques where there is no market price available for an instrument. Further details on the determination of fair values of financial instruments is set out in Note 9(e).

Judgements

(i) The Scheme meets the definition criteria of an investment entity under AASB 10 and therefore is required to measure its interests in controlled entities at fair value through profit or loss. The criteria which define an investment entity are as follows:

- (a) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- (b) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- (c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and cash equivalents

Cash and cash equivalent in the Statement of Financial Position comprise cash at bank and short term deposits at call.

(j) Receivables

Receivables may include amounts for dividends, interest, distributions, outstanding settlements and other income and are measured initially at fair value plus transaction costs. The impact of expected credit losses on financial assets measured at amortised cost is insignificant. Amounts are generally received within 30 days of being recorded as a receivable.

(k) Accounts payable and accrued expenses

Payables include outstanding settlements and accrued expenses owing by the Scheme which are unpaid as at balance date. They are measured initially at fair value plus transaction costs.

(l) Income and expenses

Revenue is brought to account on an accrual basis except where otherwise stated.

Dividend income from listed securities is recognised on the date the shares are quoted ex dividend.

Changes in the fair value of investments are recognised as income and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or initial fair value (if the investment was acquired during the year).

Expenses are brought to account on an accrual basis.

The Responsible Entity is entitled to receive a fee, calculated in accordance with the Scheme's Constitution, for the provision of management services to the Scheme. The Responsible Entity is entitled to be reimbursed, under the Scheme's Constitution, for certain expenses incurred in administering the Scheme. The amount reimbursed has been calculated in accordance with the Scheme's Constitution.

Performance fees are incurred or paid on the Scheme's direct investment allocations as outlined in the Product Disclosure Statement.

Other expenses also include government duties and bank interest expense. Auditor's remuneration has not been charged against the Scheme's income as this cost is borne by the Responsible Entity.

(m) Taxation

The Scheme elected to have the new taxation regime (AMIT) for the taxation of managed investment scheme applies for the 2018 tax year and later years of income. The Scheme is not subject to income tax as the taxable income (including assessable realised net capital gains) is fully attributed to the unitholders each year. Unitholders are taxed on the income attributed to them.

The unit price is based upon fair values of underlying assets and thus may include a share of unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed.

Net realised capital losses are not distributed to unitholders, but are retained to be offset against any future realised capital gains. Where realised assessable capital gains exceed realised capital losses, the excess will be distributed to unitholders as assessable income for taxation purposes.

(n) Distributions to unitholders

The income of the Scheme is accumulated and reinvested or paid to unitholders on the last day of June.

Income paid out of the Scheme in prior years were disclosed in the Statement of Profit or Loss and Other Comprehensive Income as distributions; as a consequence of entering into the AMIT regime, current and subsequent years income paid out will be classified as distributions in the Statement of Unitholders Funds.

Distributable income does not include unrealised gains and losses arising on movements in the fair value of investments; as such, unrealised gains and losses are transferred to unitholders funds and are not attributed to unitholders as assessable income or distributed until realised.

The Scheme's distributions are expressed as cents per unit for the distribution period.

(o) Goods and services tax

Responsible Entity fees and other expenses are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Taxation Office ('ATO') as a reduced input tax credit ('RITC').

Creditors and accruals are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in payables in the Statement of Financial Position.

(p) Derecognition of financial instruments

The derecognition of financial instruments takes place when the Scheme no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(q) Capital management

The Responsible Entity manages its unitholders funds as capital. As at 30 June 2017, the unitholders funds were classified as a liability. As of 30 June 2018, the Scheme meets the conditions required to adopt the AMIT tax regime and consequently the units in the Scheme has been re-classified from a financial liability to equity on 30 June 2018 in accordance with the requirements of AASB 132 - Financial Instruments: Presentation relating to puttable instruments.

The amount of unitholders funds can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Scheme.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Scheme does not have any externally imposed capital requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Unitholders Funds

As of 30 June 2018, and subsequent years, as a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Scheme's distributions are no longer classified as a finance cost in the Statement of Profit or Loss and Other Comprehensive Income, but rather as distributions paid in the Statement of Changes in Unitholders Funds.

The units can be put back to the Scheme 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 end of the financial year, if unitholders exercised their right to put the units back to the Scheme.

(s) Application of accounting standards

Changes in Accounting Policy

The Scheme has adopted all mandatory standards and amendments for the financial year beginning 1 July 2018. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Scheme.

AASB 9 Financial Instruments

AASB 9 contains new requirements for classification, measurement, and de-recognition of financial assets and liabilities replacing the recognition and measurement requirements in AASB 139 Financial Instruments: Recognition and Measurement. The Scheme's financial assets and financial liabilities that are measured at fair value through profit or loss continue to be classified and measured at fair value through profit or loss. The Scheme's receivables continue to be classified at amortised cost. Furthermore, the Scheme does not apply hedge accounting. The adoption of AASB 9 has not had a significant impact on the Scheme's financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 makes significant changes to revenue recognition and adds some additional disclosures, replacing AASB 111 Constructions Contracts and AASB 118 Revenue. The new standard provides a five-step model to be applied to all contracts with customers when determining when to recognise revenue, and at what amount. The Scheme's main sources of revenue are dividends, distributions, interest income and gains on financial instruments measured at fair value through profit or loss. As all of these revenues are outside the scope of the new standard, the standard does not have a material impact on the Scheme's financial position or performance, or the presentation and disclosures in the Financial Report.

NOTE 2 - DIVIDEND AND DISTRIBUTION INCOME

	2019	2018
	\$'000	\$'000
Dividend/Scheme distribution income:		
Listed equities and unit trusts	<u>8,729</u>	<u>9,442</u>
	8,729	9,442

NOTE 3 - AUDITOR'S REMUNERATION

	2019	2018
	\$'000	\$'000
Auditor of the Scheme:		
Ernst & Young audit and review of financial reports	11,000	11,000
Other assurance engagements	<u>4,287</u>	<u>4,287</u>
	15,287	15,287

NOTE 4 - DISTRIBUTIONS

Income paid out of the Scheme in prior years were disclosed in the Statement of Profit or Loss and Other Comprehensive Income as distributions; whilst current and subsequent years income paid out is classified as distributions in the Statement of Changes in Unitholders Funds as stated below:

	\$'000	c/unit
2019		
June payable	<u>55,623</u>	<u>40.55</u>
	55,623	40.55
2018		
June payable	<u>30,900</u>	<u>18.30</u>
	30,900	18.30

NOTE 5 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 \$'000	2018 \$'000
Listed equities		
Shares and units listed on a stock exchange	305,000	374,547
Total financial assets at fair value through profit or loss	305,000	374,547

NOTE 6 - RECEIVABLES

	2019 \$'000	2018 \$'000
Distribution receivables	664	77
Other Receivables	5	10
	669	87

NOTE 7 - ACCOUNTS PAYABLE & ACCRUED EXPENSES

	2019 \$'000	2018 \$'000
Outstanding settlements	-	800
Amounts owing to Responsible Entity	227	271
Other payables	1	2
	228	1,073

NOTE 8 - RELATED PARTIES

(a) Responsible Entity

The Responsible Entity of the Scheme is Antares Capital Partners Limited ABN 85 066 081 114, whose immediate holding company is National Wealth Management Services Limited ABN 97 071 514 264 and the ultimate parent company is National Australia Bank Limited ABN 12 004 044 937.

The Responsible Entity is incorporated and domiciled in Australia.

(b) Key management personnel

Directors

The names of the persons who were Directors of Antares Capital Partners Limited at any time during the financial year were as follows:

Name	Appointment / Resignation Date
J G Duffield	Appointed 7 July 2014
P Gupta	Appointed 7 July 2014
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

In addition to the Directors noted above, the Responsible Entity provides key management personnel services to the Scheme.

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Scheme to the Responsible Entity do not include any amounts directly attributable to key management personnel remuneration.

(c) Other related party transactions with the Scheme

From time to time the Directors of Antares Capital Partners Limited, or their related entities, may invest into or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

(d) Amounts payable to/(receivable from) the Responsible Entity

The net amount of payables to Antares Capital Partners Limited by the Scheme at balance date are shown in the table below:

	2019 \$	2018 \$
Responsible Entity's fees	227,006	271,240

NOTE 8 - RELATED PARTIES (continued)

(e) Responsible Entity's fees

The Responsible Entity's fees have been calculated in accordance with the Scheme's Constitution. Total fees paid and payable (net of rebates where applicable) are as follows:

	2019	2018
	\$	\$
Responsible Entity's fees	4,444,678	4,873,632
Performance fees	-	-

(f) Expense reimbursement

The Responsible Entity is entitled, under the Scheme's Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursable is defined in the Constitution. There were no expense reimbursements during the year from the trust (2018: Nil).

(g) Related party investments

The Scheme may purchase and sell units in other unlisted managed investment schemes managed by Antares Capital Partners Limited or its related parties in the ordinary course of business at application and redemption prices calculated in accordance with the Constitution.

The Scheme did not hold any shares in National Australia Bank Limited or units in other unlisted managed investment schemes operated by the Responsible Entity at year end. Cash and cash equivalents in the Statement of Financial Position for the Scheme are held with the National Australia Bank Limited. NAB Asset Servicing is the custodian for the directly held investments of the Scheme.

(h) Unitholder investing activities

Details of holdings in the Scheme by Antares Capital Partners Limited and its related parties or other schemes managed by Antares Capital Partners Limited and its related parties are set out below:

Antares Capital Partners Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity	Fair value of investment	Distributions/ Dividends received
		%	\$	\$
2019				
MLC Investment Limited	2,908,510	2.12	6,369,527	1,179,401
MLC Navigator Investment Platform	54,598,506	39.80	119,568,677	22,139,694
MLC Super Fund	20,549,605	14.98	45,002,864	8,332,865
2018				
MLC Investment Limited	2,654,708	1.57	5,897,696	485,812
MLC Navigator Investment Platform	58,378,889	34.57	129,694,485	10,683,337
MLC Super Fund	20,075,618	11.89	44,599,975	3,673,838

NOTE 9 - FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives, Policies and Processes

The Scheme's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk, equity and other price risk), liquidity and cash flow risk. The Scheme's overall risk management programme is aligned to the investment strategy of the Scheme as detailed in its Constitution and Product Disclosure Statement. It focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance. The Responsible Entity monitors the risk management framework, which is performed internally and reported on a quarterly basis.

(b) Credit Risk

The Scheme takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. There was no significant credit risk in the Scheme as at 30 June 2019 (2018:Nil).

NOTE 9 - FINANCIAL RISK MANAGEMENT (continue)

(c) Market Risk

(i) Currency Risk

Currency risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate due to changes in foreign exchange rates. There was no significant direct foreign exchange risk in the Scheme as at 30 June 2019 (2018: Nil).

(ii) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. There was no significant direct interest rate risk in the Scheme as at 30 June 2019 (2018: Nil).

(iii) Equity and other price risk

Equity and other price risk is the risk that the fair value of equities and unit prices decrease as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. To mitigate the impact of equity and other price risk, the investment process ensures there is diversification of equity exposures within the Scheme. The table represents what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ. The effect on the Statement of Profit or Loss and Other Comprehensive Income due to reasonably possible changes in market factors, as represented by the equity indices, with all other variables held constant are indicated in the following tables:

Category	2019				2018			
	Change in price		Effect on Statement of Profit or loss and Other Comprehensive Income		Change in price		Effect on Statement of Profit or loss and Other Comprehensive Income	
	%		\$'000		%		\$'000	
	+	-	+	-	+	-	+	-
Australian equities	10%	-10%	30,500	(30,500)	10%	10%	37,455	(37,455)
Total			30,500	(30,500)			37,455	(37,455)

(d) Liquidity and Cash Flow Risk

The Scheme is exposed to daily cash redemptions of redeemable units. Therefore, it invests the majority of its assets in investments that are readily disposed of in an active market, which under normal market conditions are readily convertible to cash. Unitholders funds are repayable on demand, subject to redemption freeze provisions. In addition the Scheme's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. In accordance with the Scheme's policies, the Scheme's liquidity position is monitored on a daily basis, and the Responsible Entity reviews this on a quarterly basis. The Scheme's liabilities are expected to be settled within less than one month, except for amounts owing to the Responsible Entity which are expected to be settled within one to three months.

(e) Fair value of financial instruments

The Scheme's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table details how the fair values of these financial assets and financial liabilities, other than Level 1, are determined in particular, other than Level 1, the use of observable and unobservable inputs are implied.

Financial assets / (financial liabilities)	Fair Value Hierarchy	Valuation Techniques
Unlisted equities (suspended/stale priced)	3	Valued based on last available price at the date of delisting.

Fairview Equity Partners Emerging Companies Fund

Financial Instruments	2019			2018		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	305,000	-	-	374,547	-	-
Total	305,000	-	-	374,547	-	-

* Level 3 for the years ended 30 June 2019 and 30 June 2018 contain investments in Virgin Australia International Holdings Pty Ltd which has nil market values. These investments are assessed for sensitivity to their unobservable inputs, and as the market value for these investments are nil, there is no impact to their fair value.

There have been no movements into or out of Level 2 and Level 3 for the year ended 30 June 2019 & 30 June 2018.

NOTE 10 - NOTES TO THE STATEMENT OF CASH FLOWS

	2019 \$'000	2018 \$'000
(a) Reconciliation of operating profit to net cash flows from operating activities		
Net operating profit/(loss)	56,316	89,843
Changes in the fair value of investments	(53,576)	(86,355)
Changes in assets and liabilities during the financial year:		
Decrease/(increase) in distribution receivables	(588)	638
Decrease/(increase) in other receivables	6	(7)
Increase/(decrease) in other accounts payable	(44)	100
Net cash provided by/(used in) operating activities	<u>2,114</u>	<u>4,219</u>
(b) Cash and cash equivalents		
For the purposes of the Statement of Cash Flows, cash includes cash at bank and short term deposits at call. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash at bank	44,213	30,345
Cash on deposit - domestic	<u>6,372</u>	<u>2,122</u>
	<u>50,585</u>	<u>32,467</u>
(c) Non-cash financing and investing activities		
Distributions to unitholders reinvested	<u>6,212</u>	<u>5,833</u>
	<u>6,212</u>	<u>5,833</u>

NOTE 11 - EVENTS OCCURRING AFTER THE BALANCE DATE

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

NOTE 12- COMMITMENTS AND CONTINGENT LIABILITIES

The Scheme had no known commitments or contingent liabilities as at 30 June 2019 (2018: Nil).

Directors' declaration


In the opinion of the Directors of Antares Capital Partners Limited, the Responsible Entity of the Scheme:

The financial statements and notes set out on pages 5 to 15, are in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the financial positions of the Scheme as at 30 June 2019 and of its performance for the year ended on that date;
- (b) complying with Accounting Standards and Corporations Regulations 2001;
- (c) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

This declaration is made in accordance with a resolution of the Directors.

Director: CLARE KEATINGE

Signature: 

Dated at Sydney this 18th day of September 2019



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Independent Auditor's Report to the Unitholders of Fairview Equity Partners Emerging Companies Fund

Opinion

We have audited the financial report of Fairview Equity Partners Emerging Companies Fund (the 'Scheme'), which comprises the statements of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statements of changes in unitholders funds and statements of cash flows for the year then ended, notes to the financial statement, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Scheme's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



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

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Darren Handley-Greaves'.

Darren Handley-Greaves
Partner
Sydney
18 September 2019

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Important information

This information is prepared by Antares Capital Partners Ltd (ABN 85 066 081 114, AFSL 234483) as the responsible entity of the Fund; a member of the National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686) (NAB) group of companies (NAB Group), 105–153 Miller Street, North Sydney 2060. NAB does not guarantee or otherwise accept any liability in respect of any financial product referred to in this communication. This information is directed to and prepared for Australian residents only.