

Bateau Global Opportunities Fund

ARSN 611 746 975

Interim report

For the half-year ended 31 December 2018

Bateau Global Opportunities Fund

ARSN 611 746 975

Interim report

For the half-year ended 31 December 2018

Contents

Directors' report

Auditor's independence declaration

Condensed statement of comprehensive income

Condensed statement of financial position

Condensed statement of changes in equity

Condensed statement of cash flows

Notes to the condensed financial statements

Directors' declaration

Independent auditor's review report to the unit holders of Bateau Global Opportunities Fund

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made in respect of Bateau Global Opportunities Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Bateau Global Opportunities Fund as an individual entity.

The Responsible Entity of Bateau Global Opportunities Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271).

The Responsible Entity's registered office is:
Level 1, 575 Bourke Street,
Melbourne, VIC 3000.

Directors' report

The directors of EQT Responsible Entity Services Ltd., the Responsible Entity of Bateau Global Opportunities Fund (the "Fund"), present their report together with the interim financial statements of the Fund for the half-year ended 31 December 2018.

Principal activities

The Fund invests in listed exchanged traded funds and unlisted managed investment fund in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	EQT Responsible Entity Services Ltd
Investment Manager	Bateau Asset Management Pty Ltd
Custodian and Administrator	Mainstream Fund Services Pty Ltd
Statutory Auditor	Ernst & Young

Directors

The following persons held office as directors of EQT Responsible Entity Services Ltd during or since the end of the half-year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	
Travis R Goudie	

Review and results of operations

During the half-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 for the half-year ended 31 December 2018 was -1.63%. The Fund's benchmark, the Reserve Bank of Australia's (RBA's) cash rate returned 0.75% for the same period.

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

	Half-year ended	
	31 December 2018	31 December 2017
Operating profit/(loss) for the half-year (\$'000)	(382)	291

There were no distributions declared for the half-year 31 December 2018 and 31 December 2017.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year ended December 2018.

Directors' report (continued)

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.

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 4.

This report is made in accordance with a resolution of the directors of EQT Responsible Entity Services Ltd through a delegated authority given by EQT Responsible Entity Services Ltd's Board.



Philip D Gentry
Chairman

Melbourne
7 March 2019



Building a better
working world

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of EQT Responsible Entity Services Ltd as Responsible Entity for Bateau Global Opportunities Fund

As the lead auditor for the review of the financial report of Bateau Global Opportunities Fund for the half-year ended 31 December 2018, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
7 March 2019

Bateau Global Opportunities Fund
Condensed statement of comprehensive income
For the half-year ended 31 December 2018

Condensed statement of comprehensive income

		Half-year ended	
		31 December	31 December
		2018	2017
	Note	\$'000	\$'000
Investment income			
Interest income from financial assets at amortised cost		4	1
Dividend and distribution income		6	1
Net foreign exchange gain/(loss)		(10)	(2)
Net gains/(losses) on financial instruments at fair value through profit or loss	4	<u>(207)</u>	<u>436</u>
Total investment income/(loss)		<u>(207)</u>	<u>436</u>
Expenses			
Management fees		76	115
Custody and administration fees		52	14
Recoverable fees		43	14
Transaction costs		1	1
Other expenses		3	1
Total operating expenses		<u>175</u>	<u>145</u>
Operating profit/(loss) for the half-year		<u>(382)</u>	<u>291</u>
Other comprehensive income		-	-
Total comprehensive income for the half-year		<u>(382)</u>	<u>291</u>

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

Bateau Global Opportunities Fund
Condensed statement of financial position
As at 31 December 2018

Condensed statement of financial position

		As at	
		31 December	30 June
		2018	2018
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		525	2,514
Receivables	8	638	3
Financial assets at fair value through profit or loss	5	19,509	14,945
Total assets		20,672	17,462
Liabilities			
Distributions payable		-	656
Payables	9	112	264
Total liabilities		112	920
Net assets attributable to unit holders – equity	6	20,560	16,542

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

Bateau Global Opportunities Fund
Condensed statement of changes in equity
For the half-year ended 31 December 2018

Condensed statement of changes in equity

		Half-year ended	
		31 December	31 December
		2018	2017
	Note	\$'000	\$'000
Total equity at the beginning of the half-year		16,542	10,325
Comprehensive income for the half-year			
Profit/(loss) for the half-year		(382)	291
Other comprehensive income		-	-
Total comprehensive income		<u>(382)</u>	<u>291</u>
Transactions with unit holders			
Applications	6	4,252	2,713
Redemptions	6	(176)	(384)
Reinvestment of distributions	6	324	-
Distributions paid and payable	6	-	-
Total transactions with unit holders		<u>4,400</u>	<u>2,329</u>
Total equity at the end of the half-year		<u>20,560</u>	<u>12,945</u>

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

Bateau Global Opportunities Fund
Condensed statement of cash flows
For the half-year ended 31 December 2018

Condensed statement of cash flows

	Half-year ended	
	31 December	31 December
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Purchase of financial instruments at fair value through profit or loss	(4,771)	(3,384)
Net foreign exchange gain/(loss)	(17)	(25)
Interest income received from financial assets at amortised cost	3	1
Dividends and distributions received	5	1
Other income received	-	1
Management fees paid	(199)	(107)
Custody and administration fees paid	(59)	(13)
Recoverable fees paid	(71)	(13)
Other expenses paid	(19)	(1)
Net cash inflow/(outflow) from operating activities	(5,128)	(3,540)
Cash flows from financing activities		
Proceeds from applications by unit holders	3,630	2,674
Payments for redemptions by unit holders	(166)	(301)
Distributions to unit holders	(332)	-
Net cash inflow/(outflow) from financing activities	3,132	2,373
Net increase/(decrease) in cash and cash equivalents	(1,996)	(1,167)
Cash and cash equivalents at the beginning of the half-year	2,514	1,453
Effects of foreign currency exchange rate changes on cash and cash equivalents	7	22
Cash and cash equivalents at the end of the half-year	525	308
Non-cash operating and financing activities		
Issue of units under the distribution reinvestment plan	324	-

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

Notes to the condensed financial statements

Contents

1	General information
2	Basis of preparation
3	Fair value measurement
4	Net gains/(losses) on financial instruments at fair value through profit or loss
5	Financial assets at fair value through profit or loss
6	Net assets attributable to unit holders
7	Distributions to unit holders
8	Receivables
9	Payables
10	Events occurring after the reporting period
11	Contingent assets and liabilities and commitments

1 General information

These interim financial statements cover Bateau Global Opportunities Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 14 November 2001 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The interim financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in listed exchanged traded funds and unlisted investment companies in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The interim 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 interim financial statements.

2 Basis of preparation

These interim financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Significant accounting policies

Except as disclosed below, the accounting policies applied in these interim financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2018.

The Fund had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting.

Financial instruments

(i) Classification

- Financial assets

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

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

The Fund classifies its assets based on its business model for managing those 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 Responsible Entity 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.

2 Basis of preparation (continued)

(a) Significant accounting policies (continued)

(i) Classification (continued)

- 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.

Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis 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.

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and distributions, and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a material impact on the Fund's accounting policies or the amounts recognised in the interim financial statements.

3 Fair value measurement

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

(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 and unit trusts) 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.

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.

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.

3 Fair value measurement (continued)

(b) Fair value in an inactive or unquoted market (level 2 and level 3)

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.

Investments in unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

(c) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2018 and 30 June 2018.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2018				
Financial assets at fair value through profit or loss				
Exchange traded funds	473	-	-	473
Unlisted managed investment fund	-	19,036	-	19,036
Total financial assets at fair value through profit or loss	473	19,036	-	19,509
As at 30 June 2018				
Financial assets at fair value through profit or loss				
Exchange traded funds	257	-	-	257
Unlisted managed investment fund	-	14,688	-	14,688
Total financial assets at fair value through profit or loss	257	14,688	-	14,945

(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.

(e) Financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differ 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 reporting period.

4 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Financial assets		
Net realised gain/(loss) on financial assets at fair value through profit or loss	-	-
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(207)	436
Net gains/(losses) on financial assets at fair value through profit or loss	(207)	436
Total net gains/(losses) on financial instruments at fair value through profit or loss	(207)	436

5 Financial assets at fair value through profit or loss

	As at	
	31 December	30 June
	2018	2018
	\$'000	\$'000
Exchange traded funds	473	257
Unlisted managed investment fund	19,036	14,688
Total financial assets at fair value through profit or loss	19,509	14,945

* The Fund's investments in exchange traded funds and unlisted managed investment fund were previously designated at fair value through profit or loss and derivatives were held for trading. On adoption of AASB 9 all above investments are mandatorily classified as fair value through profit or loss.

6 Net assets attributable to unit holders

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

	Half-year ended		Half-year ended	
	31 December	31 December	31 December	31 December
	2018	2018	2017	2017
	Units'000	\$'000	Units'000	\$'000
Opening balance	14,842	16,542	9,570	10,325
Applications	3,787	4,252	2,497	2,713
Redemptions	(155)	(176)	(347)	(384)
Reinvestment of distributions	290	324	-	-
Distributions paid and payable	-	-	-	-
Profit/(loss) for the half-year	-	(382)	-	291
Closing balance	18,764	20,560	11,720	12,945

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.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

7 Distributions to unit holders

There were no distributions declared for the half-year 31 December 2018 and 31 December 2017.

8 Receivables

	As at	
	31 December	30 June
	2018	2018
	\$'000	\$'000
Applications receivable	622	-
Interest receivable	1	-
Dividends and distributions receivable	4	3
GST receivable	11	-
Total receivables	638	3

9 Payables

	31 December	As at
	2018	30 June
	\$'000	2018
		\$'000
Management fees payable	49	172
Redemptions payable	43	33
Responsible Entity fees payable	-	19
Custody and administration fees payable	8	15
Recoverable fees payable	6	15
Other fees payable	6	10
Total payables	112	264

10 Events occurring after the reporting period

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2018 or on the results and cash flows of the Fund for the half-year ended on that date.

11 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2018 and 30 June 2018.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The interim financial statements and notes set out on pages 5 to 14 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 31 December 2018 and of its performance for the half-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.

This declaration is made in accordance with a resolution of the directors of EQT Responsible Entity Services Ltd through a delegated authority given by EQT Responsible Entity Services Ltd's Board.



Philip D Gentry
Chairman

Melbourne
7 March 2019

Independent Auditor's Review Report to the Unitholders of Bateau Global Opportunities Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Bateau Global Opportunities Fund (the "Fund"), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Rohit Khanna', with a long horizontal stroke extending to the right.

Rohit Khanna
Partner
Sydney
7 March 2019