

Appendix 4E

Annual Financial Report For the year ended 30 June 2020

Name of entity

Evans & Partners Australian Flagship Fund

ARSN	Reporting Period	Previous Corresponding Period
625 303 068	1 July 2019 to 30 June 2020	12 April 2018 to 30 June 2019

Results for announcement to the market

		30 June 2020
Total net investment loss ("revenue from ordinary activities")	Down by 129.1% to	(1,157,616)
Net operating loss for the year ("loss from ordinary activities after tax attributable to members")	Down by 139.9% to	(1,441,262)
Total comprehensive loss ("net loss for the period attributable to members")	Down by 139.9% to	(1,441,262)

Commentary on results

Refer to attached Annual Report and Financial Statements including the Chairman's Letter and Investment Manager's Report. Additional Appendix 4E disclosure requirements can be found in the notes to these financial statements.

Distributions

	Amount per security
Interim distribution (paid on 3 February 2020)	4.20 cents
Final distribution (paid on 31 July 2020)	4.28 cents
Total Distribution	8.48 cents

Final distribution dates:

Ex-distribution date:	Monday, 29 June 2020
Record date:	Tuesday, 30 June 2020
Payment date:	Friday, 31 July 2020

There is a distribution reinvestment plan (**DRP**) in operation in respect of this distribution. The Fund currently operates a **DRP** under which unitholders may elect to have all or part of their distribution reinvested in new units.

Net tangible assets per unit

30/06/2020	\$1.49
30/06/2019	\$1.67

Earnings per unit

	30 June 2020	30 June 2019
Basic (loss)/earnings per unit	(8.31) cents	21.14 cents
Diluted (loss)/earnings per unit	(8.31) cents	21.14 cents

Financial Report

This report is based on the 30 June 2020 Annual Report and has been audited by KPMG.

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ANNUAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2020**

RESPONSIBLE ENTITY:

WALSH & COMPANY

INVESTMENTS LIMITED

(ACN 152 367 649) (AFSL 410 433)

INVESTMENT MANAGER:

EVANS AND PARTNERS
INVESTMENT MANAGEMENT PTY LIMITED
(ACN 619 080 045) (CAR 1255 264)

Evans & Partners Australian Flagship Fund

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Evans & Partners Australian Flagship Fund
Chairman's letter
30 June 2020

Welcome to the Annual Report for the Evans & Partners Australian Flagship Fund (**Fund** or **EFF**) for the financial year ending 30 June 2020 (**FY20**).

Fund performance

As a result of the challenging and volatile economic backdrop caused by COVID-19, and a subdued outlook for the Australian economy, the Fund returned -5.6% on a net asset value (**NAV**) basis for FY20, outperforming the S&P/ASX 200 Accumulation Index (**Index**) by 2.1%.

The impact of COVID-19 on the Fund

The impact of COVID-19 restrictions will continue to be felt throughout CY20 and into CY21 as economies begin to re-open while dealing with ongoing virus clusters. We remain in a period of uncertainty and believe it is too early to estimate the full economic impact of the restrictions, despite the significant support provided by central banks and government agencies that has helped to support the global economy to date. Through this period unemployment levels have risen dramatically and economic output has fallen, this will take time to return to normal levels.

In addition, uncertainty remains with respect to the longevity of the COVID-19 pandemic and its future impact on economies. We, like everyone else, are hopeful that one, or several, of the vaccines currently in trials will prove effective. A number of businesses have successfully transformed their workforce to remote working and we continue to see changes in consumer behaviour in light of ongoing restrictions. Online businesses have flourished as consumers change their shopping behaviour and bring forward the online shopping migration by a number of years.

As we move forward, low interest rates and continued government support, should result in asset price support and an eventual resumption of broader economic growth.

Capital management and distributions

The Fund targets a cash distribution of 5.0% per annum based on Net Asset Value (**Target Distribution**), paid semi-annually. Consistent with this, EFF paid a distribution of 4.20 cents per ordinary unit for the period ending 31 December 2019 and announced a distribution of 4.28 cents per ordinary unit for the period ending 30 June 2020.

In keeping with the policy of the Fund's Responsible Entity, Walsh & Company Investments Limited, to manage the capital and trading liquidity of the Fund throughout the year, the Fund conducted a buyback of approximately 26.1% of total units.

Positioning of the Fund

The second half of FY20 was dominated by the impact of COVID-19, and the ASX was in no way immune to the sharp sell-off in February and March, a sharp recovery over the June quarter was not enough to prevent the index from closing down for the financial year.

Positioning of the Fund, including an overweight to the Information Technology sector and underweight to the Real Estate sector were the most significant contributors to outperformance of the Fund. Even prior to the COVID-19 crisis becoming the driving market force, technology stocks were strong performers both in Australia and internationally and the Fund was suitably exposed.

The Investment Manager has targeted a concentrated portfolio of ASX-listed securities, utilising the collective expertise of the Portfolio Managers and Investment Committee members. Investments are selected using a combination of top down thematic and bottom-up, fundamental analysis of investment markets. Specifically, the portfolio is constructed following individual evaluations of investments (for example, Changing Demographics and Disruption), on the basis of thematic strength, competitive advantage, potential for risk-adjusted returns, dividend growth and quality of the board and management.

As the pandemic played out, the Investment Manager positioned the Fund more defensively, raising cash whilst adding exposure to gold and Telstra. Pleasingly, as noted above, the Fund outperformed the Index by 2.1% over the year. Since inception, the Fund has returned 2.9%, outperforming the Index by 1.6%.

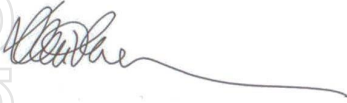
**Evans & Partners Australian Flagship Fund
Chairman's letter
30 June 2020**

Post 30 June announcement – Fund wind-up

In the period following the end of financial year we have received notice from Evans and Partners Investment Management Pty Limited, the Fund's Investment Manager (**Investment Manager**), that following a review of its business, the Investment Manager has taken the decision to focus its investment management activities in markets where it has scale. As part of this decision, the Investment Manager has notified the Responsible Entity that, in accordance with the terms of the Investment Management Agreement (**IMA**), the Investment Manager is terminating the IMA and will cease to provide investment management services to the Fund (subject to the Investment Manager's remaining contractual obligations).

Consequently, and following an analysis of the various options it has available to it, the Responsible Entity has determined that it is in the best interests of unitholders that the Fund is terminated and wound up. For further information on the winding up of the Fund please read the 25 August 2020 announcement made to the market.

While this outcome is disappointing, I would like to thank unitholders for their continued support as well as the other members of the Investment Committee the Investment Manager for successful management of the Fund during their tenure.



Yours faithfully,

David Evans

Chairman of the Investment Committee

Evans & Partners Australian Flagship Fund
Investment manager's report
30 June 2020

Market review

The year to 30 June 2020 (FY20) was one of the most volatile and event-driven seen for many years. The second half was dominated by the emergence of the COVID-19 pandemic which will have significant economic repercussions for years. The S&P/ASX 200 Accumulation Index (Index) peaked in late February, before falling 36% in approximately one month as the full ramifications of large scale global economic shutdowns became evident. Since that trough, investor optimism about a shorter than initially expected lockdown and the positive impact of unprecedented government stimulus saw the Index recover 30% into the close of the financial year. The net impact was an 7.7% decline in the Index for FY20.

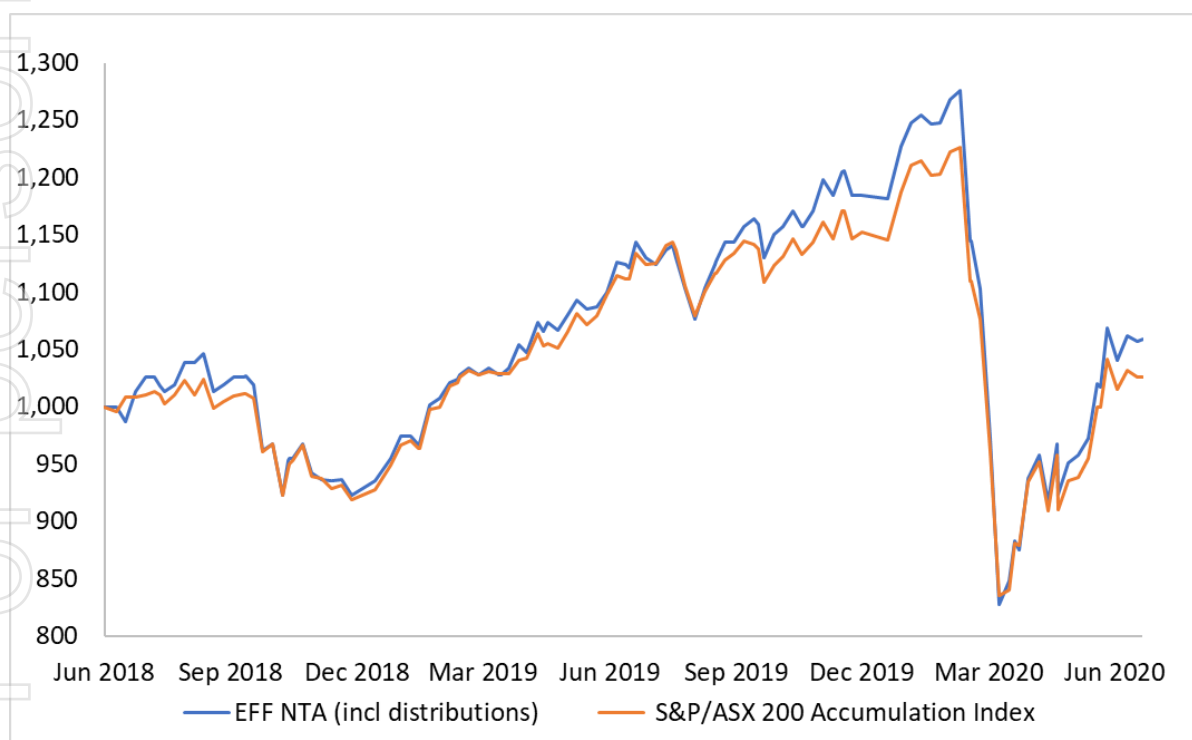
Healthcare was the strongest performing sector (+27%) in FY20, with the largest stock in the space, CSL, up 35% as demand for its therapies increased. The company is also one of the few global companies capable of manufacturing a COVID-19 vaccine in a large scale. Information Technology was also up a very healthy 19%, with Afterpay up a 143% following further strong take-up rates, and accelerated shift to online shopping and expansion into the larger US and UK markets.

Energy (-29%) and Financials (-21%) were the poorest performing sectors in the market, the former impacted by the volatile oil supply conditions in addition to the demand hit from COVID-19 related lockdowns. The big four Australian banks announced large provisions for bad debts and dividend deferrals arising from economic hardship in its customer base which saw a very sharp selloff during March.

Fund performance

Against this backdrop, the Evans & Partners Australian Flagship Fund (Fund) fell 5.6% during the year to 30 June, outperforming the Index (-8.0%) by 2.2%.

Fund performance relative to benchmark since inception



Source: Evans and Partners Investment Management Pty Limited

Information Technology (overweight) and Real Estate (underweight) were the most significant contributors to outperformance by sector. Even before the COVID-19 crisis became the driving market force, technology stocks were strong performers both in Australia and internationally. The increased reliance on technology during a time where face-to-face contact is reduced has only served to exaggerate trends which were already occurring such as online shopping and virtual video meetings. On the other hand, the Real Estate sector was affected with retail shopping centres and other commercial

Evans & Partners Australian Flagship Fund
Investment manager's report
30 June 2020

sites coming under pressure. Mandated rent relief has effectively shifted business risk of the tenants up to the property owner which we believe is a permanent shift in the risk profile of the sector.

Afterpay (+143%), Xero (+50%) and James Hardie Industries (+48%) were the three best performing investments in the Fund. In our view, all three have significant long-term structural growth stories. Large-cap investments in CSL (+35%) and Wesfarmers (+29%) also performed strongly and remain established high-returning businesses with significant barriers to entry.

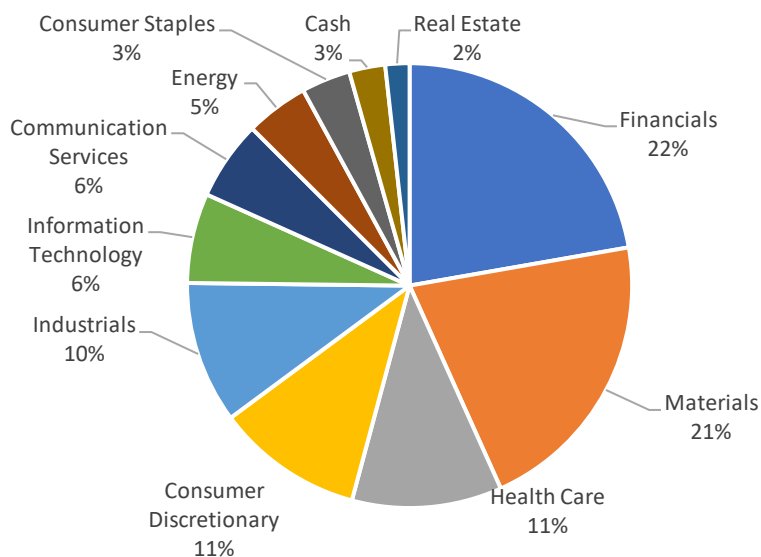
Oil Search, Unibail-Rodamco-Westfield and Reliance Worldwide were the worst performers in the Fund. These three positions were exited in the period as we concluded that the investment case had changed considerably.

Looking at the Fund with regards to attribution, Afterpay and James Hardie were the two largest contributors given the aforementioned large upward move in their respective share prices.

Portfolio positioning

Sector exposure

At 30 June 2020, the Fund's sector exposure is shown in the chart below:



Source: Evans and Partners Investment Management Pty Limited

Evans & Partners Australian Flagship Fund
Investment manager's report
30 June 2020

Top 10 positions

At 30 June 2020, the top 10 holdings in the portfolio, listed in alphabetical order, were:

Company	Sector
Australia and New Zealand Banking Group Limited	Financials
BHP Group Ltd	Materials
Commonwealth Bank of Australia	Financials
CSL Limited	Healthcare
Macquarie Group Limited	Financials
National Australia Bank Limited	Financials
Rio Tinto Limited	Materials
Transurban Group Ltd.	Industrials
Wesfarmers Limited	Consumer Discretionary
Woolworths Group Ltd	Consumer Staples

Source: Evans and Partners Investment Management Pty Limited

The Investment Manager targets a concentrated portfolio of ASX-listed securities, utilising the Investment Committee and portfolio managers' expertise and bottom-up, fundamental analysis of market opportunities with a strong quality overlay. Securities are consistently evaluated using the following criteria: strong industry thematic; a sustainable competitive advantage; attractive, risk-adjusted returns; growing dividends; quality board and management; and attractive valuation.

The Fund continues to remain exposed to certain long-term themes which include tourism, health and wellness; changing demographics; housing and infrastructure; clean energy and disruption. Two of the Fund's best performing companies during the financial year, Afterpay and Xero, were aligned to the disruption thematic. The Investment Manager continues to believe that exposure to these thematics will underpin earnings for the selected companies and benefit the Fund over the long-term.

Outlook

The widespread global economic damage from the pandemic-driven economic shutdowns means that low interest rates will be a feature of global markets for much longer than we had thought at this time last year. This means that valuation metrics will likely continue to remain elevated when assessed against historical averages. On current consensus estimates, it will be late in the calendar year 2021 before the market will recover to a pre-COVID-19 level of earnings. To date, investors have been prepared to look through this timeframe on the assumption that a vaccine will result in a return to 'business as usual'.

Government stimulus has thus far been supportive and will need to be a key plank of the eventual recovery. This will most likely flow through the Consumer Discretionary sector and/or construction, but ideally will trickle-down to all parts of the economy.

The other key risk facing the Australian market is the apparently worsening relationship with our largest trading partner, China. Resources are less of a concern at this point, with China still reliant on Australian iron ore and coal, but areas where there are other global alternatives such as in agriculture and luxury consumables such as wine, are more worrying.

There are a number of sectors whose earnings remain highly leveraged to a post-COVID-19 recovery. The most obvious example is tourism which went from being a key area of growth to an industry which is struggling to survive given travel restrictions. Most of the obvious candidates for capital raisings at the start of the pandemic have come to market already and we believe in this period where the world is waiting for a vaccine, the higher quality recovery names will outperform. These

Evans & Partners Australian Flagship Fund
Investment manager's report
30 June 2020

include those which have a structural advantage in the relevant industry such as Ramsay Healthcare, which owns the best portfolio of private hospitals in the country, or Sydney Airport which has an almost 100-year lease on an asset far superior to the next best alternative. We believe that as long as investors are comfortable with the balance sheet, such companies will be given leeway to navigate the highly unusual conditions they are currently facing if their competitive advantage remains unchanged through the recovery and beyond.

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Evans & Partners Australian Flagship Fund
Corporate governance statement
30 June 2020

Evans & Partners Australian Flagship Fund (**Fund**) is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (**ASX**). The Fund has no employees, and its day-to-day functions and investment activities are managed by Walsh & Company Investments Limited (**Responsible Entity**) and Evans & Partners Investment Management Pty Limited (**Investment Manager**), respectively, in accordance with management agreements.

The directors of the Responsible Entity (**Board**) and the Investment Manager's directors and senior management recognise the importance of good corporate governance. The Fund's corporate governance charter, which incorporates the Fund's policies referred to below (**Corporate Governance Charter**), is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website australianflagshipfund.com.au.

A description of the Fund's adopted practices in respect of the eight Principles and Recommendations from the Third Edition of the ASX *Corporate Governance Principles and Recommendations* (**ASX Recommendations**) are set out below. All these practices, unless otherwise stated, were in place for the entire year.

1. Lay solid foundations for management and oversight

Board roles and responsibilities

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Fund. This involves undertaking the following functions:

- providing and implementing the Fund's strategic direction;
- reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- overseeing the integrity of the Fund's accounting and corporate reporting systems, including the external audit;
- ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- reviewing and overseeing internal compliance and legal regulatory compliance;
- ensuring compliance with the Fund's constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001(Cth)*;
- overseeing the Fund's process for making timely and balanced disclosures of all material information concerning the Fund; and
- communication with and protecting the rights and interests of all unitholders.

The Board has established a formal policy, specified in Section 2 of the Corporate Governance Charter, which sets out its functions and responsibilities. A review of the policy is conducted annually.

2. Structure the Board to add value

Composition of the Board

The Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director in office during the reporting period are given in the Directors' Report, including the years in office, skills, experience, and expertise relevant to the position of director.

Evans & Partners Australian Flagship Fund
Corporate governance statement
30 June 2020

The directors of the Responsible Entity during the reporting period were:

- **Mr Stuart Nisbett** (appointed on 19 December 2019)
- **Mr Peter Shear** (appointed on 19 December 2019)
- **Mr Warwick Keneally**
- **Mr Mike Adams**
- **Mr Alex MacLachlan** (resigned on 19 December 2019).

Having regard to the size of the Fund and the nature of its business, the Board has determined that a board with four members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Fund. However, the composition of the Board will be reviewed periodically.

The current Board comprises two independent directors, Stuart Nisbett and Peter Shear, and two non-independent directors, Warwick Keneally and Mike Adams, with the independent Chairperson holding the casting vote¹. The Board however has established a Compliance Committee with a majority of external members who are responsible for:

- monitoring the extent to which the Responsible Entity complies with the Fund's relevant regulations, compliance plan that has been lodged with the Australian Securities and Investments Commission (**ASIC**) (**Compliance Plan**), constitution and report the findings to the Board;
- reporting to ASIC if the Compliance Committee is of the view that the Responsible Entity has not complied with the Compliance Plan or any relevant laws;
- assessing at regular intervals whether the Fund's Compliance Plan is adequate; and
- making recommendations to the Responsible Entity about any changes that the Compliance Committee considers should be made to the Compliance Plan.

The Fund recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size of the Fund, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Fund and, if required, may establish committees to assist it in carrying out its functions. At that time, the Board will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Fund. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Fund.

3. Act ethically and responsibly

Code of conduct

The Board has adopted a Code of Conduct, as specified in Section 5 of the Corporate Governance Charter, to define the basic principles of business conduct of the Fund and the Responsible Entity. This Code requires the Fund's personnel to abide by the policies of the Fund and the law. The Code of Conduct is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour.

Unit trading policy

The Board has established a Unit Trading Policy, as specified in Section 6 of the Corporate Governance Charter, which applies

¹ Prior to his appointment as a director of the Board, Stuart Nisbett was remunerated for services on investment committees for two of the Responsible Entity's unlisted funds. The Board is of the view that this association does not compromise Stuart Nisbett's independence because one of the investment committees was dissolved in 2017 and he ceased to be remunerated for the other investment committee prior to his appointment as director.

Evans & Partners Australian Flagship Fund
Corporate governance statement
30 June 2020

to trading in the Fund's units on the ASX. This policy outlines the permissible dealing of the Fund's units while in possession of price sensitive information and applies to all directors of the Responsible Entity.

The Policy imposes restrictions and notification requirements, including the imposition of discretionary blackout periods, trading windows and the need to obtain pre-trade approval.

Insider trading policy

The Board has adopted an Insider Trading Policy, as specified in Section 7 of the Corporate Governance Charter, to apply to trading in the Fund's units on the ASX. This policy applies to all directors, executives and employees of the Responsible Entity. All directors, executives and employees of the Responsible Entity must not deal in the Fund's units while in possession of price sensitive information. In addition, the general Unit Trading Policy (see Section 6 of the Corporate Governance Charter) sets out additional restrictions which apply to directors and executives of the Responsible Entity.

4. Safeguard integrity in corporate reporting

Compliance Committee

As a registered managed investment scheme, the Fund has a Compliance Plan. The Compliance Plan is reviewed comprehensively every year to ensure that the way in which the Fund operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Fund complies with the relevant regulations, its Compliance Plan and its constitution. The Compliance Committee meets and reports to the Board on a quarterly basis.

The Compliance Committee is structured with three members, the majority of which are external. Details of the Compliance Committee members are as follows:

Mike Adams (internal member)

Refer to information on directors (page 14).

Barry Sechos (external member)

Barry is one of two external members of the Compliance Committee. Barry is a member of the compliance committee for the New Energy Solar Fund, the Evans & Partners Global Disruption Fund, the Fort Street Real Estate Capital Fund Series, the Cordish Dixon Private Equity Fund Series, the Australian Governance & Ethical Index Fund, the Evans & Partners Asia Fund, the Evans & Partners Global Flagship Fund, the Venture Capital Opportunities Fund and the US Masters Residential Property Fund.

Barry is a Director of Sherman Group Pty Limited, a privately owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group of companies. Barry has 35 years' experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allens (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of See Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, Concentrated Leaders Fund Limited, an investment company listed on the ASX, Regeneus Limited, an ASX listed biotech company and a Director of Sherman Contemporary Art Foundation, a charitable cultural organisation.

Michael Britton (external member)

Michael is one of two external members of the Compliance Committee. He is a member of the compliance committee for the New Energy Solar Fund, the Fort Street Real Estate Capital Fund Series, the Cordish Dixon Private Equity Fund Series, the Evans & Partners Asia Fund, the Australian Governance & Ethical Index Fund, the Evans & Partners Global Flagship Fund, the Venture Capital Opportunities Fund and the Evans & Partners Global Disruption Fund. He is also an independent member of

Evans & Partners Australian Flagship Fund
Corporate governance statement
30 June 2020

Compliance Committees for NorthWest Australia (Scheme 2 & 3), Angas Asset Management Fund, Angas Prime and Angas Direct. Michael has over 36 years of commercial and financial services experience, initially with Boral Limited and culminating in 13 years as General Manager of the corporate businesses of The Trust Company Limited (now part of Perpetual Limited) (**The Trust Company**) where he established the company's reputation as a leader in the delivery of independent responsible entity services. He has represented The Trust Company as a director on the boards of both domestic and offshore operating subsidiary companies and a large number of special purpose companies delivering the responsible entity function in both conventional and stapled, ASX listed and unlisted managed investment schemes. Michael has acted as a Responsible Manager (as recognised by ASIC), a member of committees of inspection in relation to large insolvency administrations and as an independent compliance committee member for substantial investment managers with portfolios of managed investment schemes.

Currently Michael is an independent director on the boards of the now unlisted Westfield Corporation Limited and Westfield America Management Limited (following Unibail Rodamco absorbing the Westfield offshore Shopping Malls). He is an independent director of the unlisted Knights Capital Group Limited, a Perth-based investor. He is the sole independent director of two special purpose companies involved in high profile wholesale debt capital and securitisation transactions in the aviation and motor vehicle industries and is also a panel member for the Australian Financial Complaints Authority (formerly Financial Ombudsman Services Limited).

Michael holds degrees in Jurisprudence and Law from the University of New South Wales and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

The Board, having considered their overall responsibilities, the size and structure of the Fund and other duties performed by the Compliance Committee, does not consider it appropriate, at this time, to establish an audit committee.

5. Making timely and balanced disclosure

The Board is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001 (Cth)* and ASX Listing Rules, as well as releasing relevant information to the market and unitholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a Continuous Disclosure Policy (as specified in Section 4 of the Corporate Governance Charter) to ensure the Fund complies with its continuous disclosure requirements. This policy is administered by the Board and monitored by the Compliance Committee.

6. Respect the rights of unitholders

Rights of unitholders

The Fund promotes effective communication with unitholders. The Board has developed a strategy within its Continuous Disclosure Policy to ensure that unitholders are informed of all major developments affecting the Fund's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with unitholders. Each unitholder is also provided online access to Boardroom Pty Limited (**Registry**) to allow them to receive communications from, and send communication to, the Responsible Entity and the Registry. Information is communicated through announcements to the ASX, releases to the media and the dispatch of financial reports. Unitholders are provided with an opportunity to access such reports and releases electronically. Copies of all ASX announcements are linked to the Fund's website.

These include:

- monthly net tangible asset backing announcements;
- quarterly investment updates;
- the half-year report;
- the annual report;
- occasional ASX announcements made to comply with the Fund's continuous disclosure requirements; and

- occasional correspondence sent to unitholders on matters of significance to the Fund.

The Board encourages full participation of unitholders at the general meetings to ensure a high level of accountability and identification with the Fund's strategy. Unitholders who are unable to attend the general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting.

7. Recognise and manage risk

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Fund and its operations. It has not established a separate committee to deal with these matters as this responsibility will be undertaken by the Compliance Committee. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditor.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes the Board conducts an annual review of its risk management framework to satisfy itself that the framework continues to be sound. A review of the risk management framework took place for the reporting period.

The Fund does not have any material exposure to economic, environmental and social sustainability risks.

The Board receives a letter half-yearly from the Fund's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Australian accounting standards.

The Responsible Entity provides declarations required by Section 295A of the *Corporations Act 2001 (Cth)* for all financial periods and confirms that in its opinion the financial records of the Fund have been properly maintained and that the financial statements and accompanying notes comply with the Australian Accounting Standards and give a true and fair view of the financial position and performance of the Fund, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Fund's external auditor.

Details of the Fund's financial risk management are set out in the notes to the financial statements in the annual report.

8. Remunerate fairly and responsibly

Remuneration policy

Due to the relatively small size of the Fund and its operations, the Board does not consider it appropriate at this time to establish a formal remuneration committee.

Directors are remunerated by the Responsible Entity. In accordance with the Fund's constitution, the Responsible Entity is entitled to a management fee for services rendered. Details of the Fund's related party transactions are disclosed in the notes to financial statements within the annual report. The Fund's constitution is available to unitholders on request.

Evans & Partners Australian Flagship Fund
Directors' report
30 June 2020

The directors of Walsh & Company Investments Limited, the Responsible Entity of Evans & Partners Australian Flagship Fund (the **Fund** or **EFF**) present their report with the annual financial report for the Fund for the financial year ended 30 June 2020.

Directors

The directors of the Responsible Entity at any time during or since the end of the financial period are listed below:

Stuart Nisbett	Appointed 19 December 2019
Warwick Keneally	
Mike Adams	
Peter Shear	Appointed 19 December 2019
Alex MacLachlan	Resigned 19 December 2019

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Information on directors

Stuart Nisbett

Chairman

Stuart is currently Executive Director and Principal at Archerfield Capital Partners, a boutique corporate advisory firm specialising in real estate, which he established in 2008. He has more than 30 years experience in property development, property funds management, equity and debt raising, corporate advisory and project finance.

Previously, Stuart was Executive Director, Head of Property Funds at ANZ Investment Bank. He was also the Managing Director, Head of Property Banking & Property Investment Banking at N M Rothschild & Sons (Australia) Limited. Stuart has also held senior roles at director level at Macquarie Bank Property Investment Banking Division and at Lendlease Corporation in its development and commercial asset management divisions. Stuart was appointed to the Board of Walsh & Company Investments Limited on 19 December 2019.

Stuart is a Chartered Accountant and holds a Bachelor of Commerce with Merit and a Masters of Commerce from the University of NSW, and in 2005 was appointed a Fellow of the Australian Property Institute.

Alex MacLachlan

Chairman

Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division, which later became Walsh & Company. From funds under management of under \$100 million at the time of his start, Alex has grown Walsh & Company Group to over \$6 billion of assets under management today, with investments across residential and commercial property, fixed income, private equity, listed equities and renewable energy. Prior to joining the firm, Alex was an investment banker at UBS AG, where he rose to Head of Energy for Australasia. During his tenure in investment banking, Alex worked on more than \$100 billion in mergers and acquisitions and capital markets transactions, advising some of the world's leading companies. Alex resigned from the Board of Walsh & Company Investments Limited on 19 December 2019.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

Warwick Keneally

Warwick is Head of Finance at Walsh & Company, the Funds Management division of Evans Dixon Limited. Before joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from the Australian National University and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

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Directors' report
30 June 2020

Mike Adams

Mike has extensive experience across a broad range of corporate, commercial and private client sectors. His core practice areas involve the provision of advice and transactional expertise in relation to new and existing retail financial products and the regulatory framework within which they operate, as well as debt and equity financing, intellectual property, and film and television media law among others. Mike has previously worked in private practice, public sector and in-house roles in Australia, New Zealand and the United Kingdom, acting across multiple industries for a variety of clients, including high-net-worth individuals, banks and financial institutions, as well as numerous listed and unlisted corporate entities.

Mike is also a director with MA Law, a Sydney-based financial services law firm, and is admitted as a solicitor of the Supreme Court of NSW. He has a Bachelor of Laws from the University of Otago.

Peter Shear

Peter has significant expertise in funds management, financial advisory and complex lending arrangements including leveraged finance, property development and debt workout situations. Peter was most recently Co-Managing Partner of Opportunistic Lending and Special Situations at LIM Advisors. Prior to this role, Peter held the positions of Chief Risk Officer and Managing Director & Head of Corporate and Structured Finance at Lloyds Banking Group (and its predecessor HBOS plc) in Australia. Peter was also previously a Partner in Corporate Finance & Restructuring at Ernst & Young. Peter was appointed to the Board of Walsh & Company Investments Limited on 19 December 2019.

Peter has a Bachelor of Business from the University of Technology Sydney, an Executive MBA from AGSM, is a member of Chartered Accountants Australia and New Zealand, a Fellow of FINSIA and a Graduate Member of the Australian Institute of Company Directors.

Principal activities

The Fund is a registered managed investment scheme structured as a closed end unit trust that is domiciled in Australia and quoted on the Australian Securities Exchange (**ASX**) (ticker code: **EFF**). It was registered on 12 April 2018. The registered office and principal place of business of the Responsible Entity of the Fund is located at Level 15, 100 Pacific Highway, North Sydney, NSW, 2060.

The principal activity of the Fund was to provide investors with capital growth, attractive risk-adjusted returns and stable distributions over the medium to long-term through exposure to quality ASX listed securities.

There were no significant changes in the nature of this activity during the year.

Review of financial results and operations

a) Financial results for the period

The performance of the Fund, as represented by the results of its operations for the relevant period ended 30 June, was as follows:

	2020	2019
Results		
Total net investment (loss)/income (\$)	(1,157,616)	3,983,139
Total expenses (\$)	(283,646)	(371,470)
Net (loss)/profit (\$)	<u>(1,441,262)</u>	<u>3,611,669</u>
	2020	2019
Distributions		
Cash distributions - cents per unit	8.48	7.50
Total cash distributions (\$)	1,360,553	1,510,035

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30 June 2020

	2020	2019
Net asset value		
Net asset value per unit (ex-distribution) - \$ per unit	1.49	1.67

b) Performance returns

The performance returns shown in the table below are for the relevant periods ended 30 June, and have been calculated using the net asset value per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions. The returns are calculated weekly and compounded to produce longer period returns.

	2020 %	2019 %
Performance		
Growth return (i)	(10.40)	6.81
Distribution return (ii)	4.83	5.30
Total return (iii)	<u>(5.57)</u>	<u>12.11</u>

(i) The Growth return is calculated as a percentage by dividing the end of period net asset value per unit by the net asset value per unit at the start of the period minus 1.

(ii) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

(iii) The Total return is calculated as a percentage by dividing the end of period net asset value per unit (cum-distribution) by the net asset value per unit at the start of the period minus 1.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Fund during the financial year.

Future developments and expected results of operations

As announced on 25 August 2020, the Responsible Entity has determined that it is in the best interests of the unitholders that the Fund is terminated and wound up. This is following the receipt of notice from the Fund's Investment Manager that they will terminate their Investment Management Services under the Investment Management Agreement. The operations of the Fund will continue until the date of commencement of wind-up of the Fund, which is expected to be on or around 26 October 2020.

Options

No options were granted over issued or unissued units in the Fund during, or since, the end of the year.

Indemnity and insurance

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid, during or since the end of the financial period, for all of the directors of the Responsible Entity of the Fund. The contract of the insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Fund.

Environmental regulation

The Fund is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Evans & Partners Australian Flagship Fund
Directors' report
30 June 2020

Fund assets

The value of the Fund's assets is disclosed in the Statement of financial position and derived using the basis set out in Note 3 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the financial period is disclosed in note 10 of the financial statements.

Fees paid to the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund assets during the financial period are disclosed in note 13 to the financial statements.

No fees were paid out of Fund assets to the Directors of the Responsible Entity during the financial period.

Matters subsequent to the end of the financial period

On 25 August 2020, the Responsible Entity provided its unitholders notice in writing of its intention to commence the wind-up of the Fund on or around 26 October 2020 in accordance with the provisions of the Fund's constitution. In line with this, the Responsible Entity has determined that the unit buy-back program is no longer in the best interest of the unitholders and has concluded this program on 25 August 2020.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Stuart Nisbett
Chairman of Walsh & Company Investments Limited, Responsible Entity

27 August 2020



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Walsh & Company Investments Limited (the Responsible Entity)
of Evans & Partners Australian Flagship Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Evans & Partners Australian Flagship Fund for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Jessica Davis

Partner

Sydney

27 August 2020

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Evans & Partners Australian Flagship Fund
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2020

	Note	2020 \$	2019 \$
Investment income			
Interest income		7,571	28,778
Dividend income		919,797	1,537,955
Other income		-	194
Net (loss)/gain on financial assets at fair value through profit or loss		<u>(2,084,984)</u>	<u>2,416,212</u>
Total net investment (loss)/income		<u>(1,157,616)</u>	<u>3,983,139</u>
Expenses			
Management and administration fees	14	(266,959)	(319,402)
Investment transaction costs	14	<u>(16,687)</u>	<u>(52,068)</u>
Total expenses		<u>(283,646)</u>	<u>(371,470)</u>
(Loss)/profit before income tax expense		(1,441,262)	3,611,669
Income tax expense		<u>-</u>	<u>-</u>
(Loss)/profit after income tax expense for the period		(1,441,262)	3,611,669
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the period		<u>(1,441,262)</u>	<u>3,611,669</u>
		Cents	Cents
Basic (loss)/earnings per unit	6	(8.31)	21.14
Diluted (loss)/earnings per unit	6	(8.31)	21.14

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Evans & Partners Australian Flagship Fund
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Cash and cash equivalents	7	599,608	1,311,234
Receivables	8	79,182	201,108
Financial assets	9	<u>22,292,129</u>	<u>32,535,764</u>
Total assets		<u>22,970,919</u>	<u>34,048,106</u>
Liabilities			
Payables	10	25,678	29,988
Distributions payable		<u>639,629</u>	<u>719,371</u>
Total liabilities		<u>665,307</u>	<u>749,359</u>
Net assets		<u>22,305,612</u>	<u>33,298,747</u>
Equity			
Issued capital	11	23,005,793	31,197,113
(Accumulated losses)/retained earnings		<u>(700,181)</u>	<u>2,101,634</u>
Total equity		<u>22,305,612</u>	<u>33,298,747</u>

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

Evans & Partners Australian Flagship Fund
Statement of changes in equity
For the period ended 30 June 2020

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 12 April 2018	-	-	-
Profit after income tax expense for the period	-	3,611,669	3,611,669
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	3,611,669	3,611,669
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Issued capital (note 11)	32,602,195	-	32,602,195
Unit buy-backs (note 11)	(655,314)	-	(655,314)
Issue and buy-back costs (notes 11 and 14)	(749,768)	-	(749,768)
Distributions paid (note 5)	-	(1,510,035)	(1,510,035)
Balance at 30 June 2019	<u>31,197,113</u>	<u>2,101,634</u>	<u>33,298,747</u>
	Issued capital \$	Retained earnings/ (accumulated losses) \$	Total equity \$
Balance at 1 July 2019	31,197,113	2,101,634	33,298,747
Loss after income tax expense for the period	-	(1,441,262)	(1,441,262)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	(1,441,262)	(1,441,262)
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Issued capital (note 11)	276,393	-	276,393
Unit buy-backs (note 11)	(8,446,070)	-	(8,446,070)
Buy-back costs (notes 11 and 14)	(21,643)	-	(21,643)
Distributions paid (note 5)	-	(1,360,553)	(1,360,553)
Balance at 30 June 2020	<u>23,005,793</u>	<u>(700,181)</u>	<u>22,305,612</u>

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

Evans & Partners Australian Flagship Fund
Statement of cash flows
For the period ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Interest income received		8,792	27,346
Dividends received		1,038,717	1,343,928
Payments to suppliers		<u>(274,888)</u>	<u>(291,253)</u>
Net cash from operating activities	15	<u>772,621</u>	<u>1,080,021</u>
Cash flows from investing activities			
Payments for investments		(4,146,576)	(39,681,251)
Proceeds from disposal of investments		<u>12,287,323</u>	<u>9,505,821</u>
Net cash from/(used in) investing activities		<u>8,140,747</u>	<u>(30,175,430)</u>
Cash flows from financing activities			
Proceeds from issue of units	11	-	31,689,393
Payments for unit buy-backs	11	(8,461,092)	(656,993)
Distributions paid	5	<u>(1,163,902)</u>	<u>(625,757)</u>
Net cash (used in)/from financing activities		<u>(9,624,994)</u>	<u>30,406,643</u>
Net (decrease)/increase in cash and cash equivalents		(711,626)	1,311,234
Cash and cash equivalents at the beginning of the financial period		<u>1,311,234</u>	-
Cash and cash equivalents at the end of the financial period	7	<u><u>599,608</u></u>	<u><u>1,311,234</u></u>

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

Evans & Partners Australian Flagship Fund
Notes to the financial statements
30 June 2020

1. General information

Evans & Partners Australian Flagship Fund (**Fund**) is a registered managed investment scheme domiciled in Australia. The investment objective of the Fund is to provide investors with capital growth, attractive risk-adjusted returns and stable distributions over the medium to long-term through exposure to quality securities that are publicly traded on the Australian Securities Exchange (**ASX**).

The comparative period is the period from date of registration 12 April 2018 to 30 June 2019.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2020. The directors have the power to amend and reissue the financial statements.

2. New Accounting Standards and Interpretations

Adoption of new and revised Accounting Standards

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to their operations and effective for the current year. The impact of the adoption is not material to the Fund's financial report in the current or future reporting periods and on foreseeable future transactions.

Accounting Standards and Interpretations issued but not yet effective

New standards, amendments to standards and interpretations that are effective for annual reporting periods beginning on or after 1 January 2020 have not been early adopted in preparing these financial statements. There are no standards that are not yet effective and that are expected to have a material impact on the Fund.

3. Significant accounting policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Fund comply with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

Basis of preparation

Subsequent to the financial reporting period, the Responsible Entity has announced that the Fund will commence the winding up process on or around 26 October 2020 in accordance with the provisions of the Fund's constitution. All assets will be realised and all liabilities will be settled and a final distribution of the remaining monies will be made to the unitholders.

In preparing the financial statements on an alternate basis, the Responsible Entity has continued to apply the requirements of Australian Accounting Standards taking into account that the Fund is not expected to continue as a going concern in the foreseeable future. All assets are measured at their net realisable values and liabilities are measured at their anticipated settlement amounts based on relevant Australian Accounting Standard requirements. There has been no significant remeasurement of any amounts in the financial statements. No additional provisions or liabilities have been recognised as a result of the intended wind up of the Fund, as the Responsible Entity has not incurred any legal or contractual obligations.

All amounts are presented in Australian dollars, unless otherwise noted.

The following accounting policies have been adopted in the preparation and presentation of the financial report.

Investment income

Dividend income

Dividend income is recognised when the right to receive a dividend has been established.

3. Significant accounting policies (continued)

Interest income

Interest income is recognised in profit or loss using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Net change in fair value of investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of profit or loss and other comprehensive income.

Taxes

Income tax

Under current Australian income tax laws, the Fund is not liable to pay income tax provided its distributable income for each income year is fully distributed to unitholders, by way of cash or reinvestment.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

The Fund qualifies for reduced input tax credits at a minimum of 55%.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable.

Cash flows are presented in the Statement of cash flows on a gross basis.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

Receivables

Receivables include balances due from brokers, dividends and distributions receivable, reduced input tax credit receivable and other receivables. Amounts are generally received within 30 days of being accrued for. Receivable amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

The amount of the impairment loss is recognised in profit or loss within other operating expenses. When receivables 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 operating expenses in profit or loss.

Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised on trade date, when the Fund becomes a party to the contractual provisions of the instrument.

The Fund classifies its investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund evaluates the information about its investments on a fair value basis together with other related financial information.

The Fund holds financial assets comprising equity securities. These securities are mandatorily classified as fair value through profit or loss.

3. Significant accounting policies (continued)

Financial assets

Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of profit or loss and other comprehensive income. Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of profit or loss and other comprehensive income. Financial assets not at fair value through profit or loss, including receivables, are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue and are subsequently measured at amortised cost using the effective interest rate method and are assessed for impairment based on the expected credit loss model.

Financial liabilities

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of profit or loss and other comprehensive income. Financial liabilities not at fair value through profit or loss, including payables, are measured initially at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire.

Fair value

The fair value of equity securities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and securities held by the Fund is the current bid price, and the quoted market price for financial liabilities is the current asking price.

Payables

Payables include amounts due relating to the purchase of investments, trade creditors and accrued expenses at the reporting date. Trade payables and accruals are recognised at amortised cost when the obligation arises for payments for the purchase of goods and services.

Issued capital

Ordinary units

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of the ordinary units are recognised as a deduction from equity.

Distributions to unitholders

Distributions to unitholders are recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the Board of the Responsible Entity on or before the end of the financial period. A distribution payable is recognised in the Statement of financial position where the amount is not yet distributed at balance date.

Earnings per unit

Basic and diluted earnings per unit

Basic earnings per unit is determined by dividing the profit or loss excluding any cost of servicing equity other than ordinary units by the weighted average number of ordinary units outstanding during the financial period. Diluted earnings per unit is the same as basic earnings per unit because there are no dilutive potential ordinary units.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best-available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Fund. The expected credit loss (ECL) impairment model has not materially impacted the Fund.

Evans & Partners Australian Flagship Fund
Notes to the financial statements
30 June 2020

4. Operating segments

The Fund operates in Australia and is engaged solely in investing activities, generating capital growth and deriving revenue from dividend and distribution income and interest income.

5. Distributions

Distributions declared during the financial period were as follows:

	2020	2019
	\$	\$
Cash distribution - 3.9 cents per unit paid 4 February 2019	-	790,664
Cash distribution - 3.6 cents per unit paid 2 August 2019	-	719,371
Cash distribution - 4.2 cents per unit paid 3 February 2020	720,924	-
Cash distribution - 4.28 cents per unit paid 31 July 2020	639,629	-
	<u>1,360,553</u>	<u>1,510,035</u>

The Fund's DRP was available to eligible unitholders during the year ended 30 June 2020.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund. Units are issued and/or transferred to DRP participants at a price that is determined by the Responsible Entity in accordance with the DRP Rules.

Investors who participated in the DRP received units at an issue price that includes a 5% discount to the Net Asset Value per unit. The full cost of the discount will be paid for by the Responsible Entity in its personal capacity and is recognised as a receivable in the Statement of financial position.

6. Earnings per unit

	2020	2019
	\$	\$
(Loss)/profit after income tax	<u>(1,441,262)</u>	<u>3,611,669</u>
	Number	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	<u>17,343,219</u>	<u>17,087,017</u>
Weighted average number of ordinary units used in calculating diluted earnings per unit	<u>17,343,219</u>	<u>17,087,017</u>
	Cents	Cents
Basic (loss)/earnings per unit	(8.31)	21.14
Diluted (loss)/earnings per unit	(8.31)	21.14

7. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank	<u>599,608</u>	<u>1,311,234</u>

Evans & Partners Australian Flagship Fund
Notes to the financial statements
30 June 2020

8. Receivables

	2020	2019
	\$	\$
Dividends receivable	75,107	194,027
Interest receivable	211	1,432
GST receivable	3,864	5,649
	<u>79,182</u>	<u>201,108</u>

9. Financial assets

	2020	2019
	\$	\$
Equity investments - listed	<u>22,292,129</u>	<u>32,535,764</u>

Refer to note 13 for further information on fair value measurement.

The market values of individual investments held at the end of the reporting period are set out immediately before the Unitholder Information.

10. Payables

	2020	2019
	\$	\$
Trade payables	19,057	29,988
Unsettled trades	6,621	-
	<u>25,678</u>	<u>29,988</u>

Refer to note 12 for further information on financial instruments.

11. Issued capital

	2020	2019	2020	2019
	Units	Units	\$	\$
Ordinary units - fully paid	<u>14,939,852</u>	<u>19,982,492</u>	<u>23,005,793</u>	<u>31,197,113</u>

Evans & Partners Australian Flagship Fund
Notes to the financial statements
30 June 2020

11. Issued capital (continued)

Movements in ordinary unit capital

Details	Date	Units	\$
Balance	12 April 2018	-	-
Issue of ordinary units at \$1.60 per unit	21 June 2018	20,273,426	32,437,482
Issue of ordinary units at \$1.41 per unit (distribution reinvested)	4 February 2019	116,818	164,713
Unit buy-backs		(407,752)	(655,314)
Issue and buy-back costs		-	(749,768)
Balance	30 June 2019	19,982,492	31,197,113
Issue of ordinary units at \$1.59 per unit (distribution reinvested)	2 August 2019	88,323	140,834
Issue of ordinary units at \$1.72 per unit (distribution reinvested)	3 February 2020	78,707	135,559
Unit buy-backs		(5,209,670)	(8,446,070)
Buy-back costs		-	(21,643)
Balance	30 June 2020	<u>14,939,852</u>	<u>23,005,793</u>

Ordinary units

All issued units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions declared from time to time by the Responsible Entity.

Unit buy-back

There is a current on-market unit buy-back.

Capital management

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital net of issue costs amounting to \$23,005,793 as at 30 June 2020. The Fund is not subject to any externally imposed capital requirements.

12. Financial instruments

Financial risk management

The Fund's financial instruments primarily comprise of listed equity investments. The Fund's investment objective is to achieve capital growth, attractive risk-adjusted returns and stable distributions over the medium to long-term through exposure to quality ASX listed securities, in accordance with its investment strategy (as stipulated in the Fund's current Product Disclosure Statement and Constitution). The main risks the Fund is exposed to through its financial instruments are market risk (including equity price risk and interest rate risk), credit risk and liquidity risk.

The Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

Market risk

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual securities. The equity price risk exposure arises from the Fund's investments in equity securities. The Investment Manager manages the Fund's equity price risk in accordance with the Fund's investment objectives and policies, as detailed in the current Product Disclosure Statement.

As the majority of the Fund's financial instruments are carried at fair value with changes in fair value recognised in the Statement of profit or loss and other comprehensive income, all changes in market conditions will directly affect investment income.

12. Financial instruments (continued)

The following table illustrates the effect on profit before tax and equity from possible changes in the value of equity investments, with all other variables remaining constant.

2020	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Equity investments	5%	<u>1,114,606</u>	<u>1,114,606</u>	(5%)	<u>(1,114,606)</u>	<u>(1,114,606)</u>

2019	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Equity investments	5%	<u>1,626,788</u>	<u>1,626,788</u>	(5%)	<u>(1,626,788)</u>	<u>(1,626,788)</u>

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk on its variable rate cash deposits. The Fund currently does not hedge against this exposure.

The Fund's exposure to interest rate risk is limited to cash deposits. At 30 June 2020, approximately 97.4% of the financial assets were non-interest bearing and 2.6% of the financial assets were at a floating rate, represented by the cash and cash equivalents balance on the Statement of financial position.

2020	1% increase		1% decrease	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Cash at bank	<u>5,996</u>	<u>5,996</u>	<u>(5,996)</u>	<u>(5,996)</u>

2019	1% increase		1% decrease	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Cash at bank	<u>13,112</u>	<u>13,112</u>	<u>(13,112)</u>	<u>(13,112)</u>

The Fund does not hold significant cash balances exposed to interest rates in other currencies and does not have any borrowings or other financial liabilities or assets with direct exposure to changes in interest rates and accordingly is not exposed to material interest rate risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund is exposed to credit risk primarily from cash and cash equivalents. Other credit risk arising from outstanding settlements is considered small due to the short settlement period involved.

12. Financial instruments (continued)

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers relevant, historical analysis and forward looking information in determining any expected credit losses. At the reporting date, all receivables and cash and cash equivalents are held with approved counterparties and are either callable on demand or due within 30 days. Management considers the probability of default to be low and, as a result, no loss allowance has been recognised based on 12 months expected credit losses as any such impairment would be wholly insignificant to the Fund.

The clearing and depository operations of the Fund's security transactions are mainly concentrated with one counterparty, JP Morgan. As at 30 June 2020, all investments and substantially all cash is held in custody by JP Morgan, which holds a long term issuer credit rating of A+ (Moody's rating). The remaining cash at 30 June 2020 is held with financial institutions that have a credit rating of at least A.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's exposure to liquidity risk is minimal. The risk is managed by ensuring that sufficient cash and cash equivalents is maintained to meet ongoing operating requirements and investments are primarily held in actively traded markets. The majority of the Fund's listed securities are considered readily realisable as they are listed on ASX.

Remaining contractual maturities

The following are contractual maturities of financial liabilities:

	6 months or less \$	6 months to 1 year \$	Remaining contractual maturities \$
2020			
<i>Non-interest bearing</i>			
Payables	(25,678)	-	(25,678)
Distributions payable	(639,629)	-	(639,629)
Total non-derivatives	<u>(665,307)</u>	<u>-</u>	<u>(665,307)</u>
	6 months or less \$	6 months to 1 year \$	Remaining contractual maturities \$
2019			
<i>Non-interest bearing</i>			
Payables	(29,988)	-	(29,988)
Distributions payable	(719,371)	-	(719,371)
Total non-derivatives	<u>(749,359)</u>	<u>-</u>	<u>(749,359)</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

13. Fair value measurement

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the Statement of financial position and in the notes to the financial statements.

Evans & Partners Australian Flagship Fund
Notes to the financial statements
30 June 2020

13. Fair value measurement (continued)

The fair values of:

- other assets and other liabilities approximate their carrying value.
- listed securities included in "Equity Investments" are readily traded on ASX in a standardised form. The net fair value of listed securities is determined by valuing them at the last quoted sale price as at the end of the reporting period.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2020				
<i>Financial assets at fair value through profit or loss</i>				
Equity investments - listed	22,292,129	-	-	22,292,129
Total assets	22,292,129	-	-	22,292,129
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2019				
<i>Financial assets at fair value through profit or loss</i>				
Equity investments - listed	32,535,764	-	-	32,535,764
Total assets	32,535,764	-	-	32,535,764

There were no transfers between levels during the financial year (2019: nil).

While the COVID-19 pandemic has caused uncertainty and market volatility during the year, the Fund has continued to follow its established policies and process (as set out in this note) in managing risk and determining the fair value of the financial assets and liabilities as at the reporting date. No changes were required to the principles used in applying the fair value measurement hierarchy to financial assets and liabilities held, with each asset and liability continuing to be classified in a manner which reflects the significance and observability of the inputs used in the valuation.

14. Related party transactions

Key management personnel

Stuart Nisbett, Mike Adams, Peter Shear and Warwick Keneally are directors of the Responsible Entity, Walsh & Company Investments Limited, and are deemed to be key management personnel. Alex MacLachlan resigned as director of the Responsible Entity effective 19 December 2019.

The key management personnel do not receive compensation from the Fund or from the Responsible Entity directly for their management function performed for the Fund.

As at the reporting date, details of directors who hold units for their own benefit or who have an interest in holdings through a third party and the total number of such units held are listed as follows:

	2020 Units
Warwick Keneally	<u>12,500</u>

14. Related party transactions (continued)

Responsible Entity services

a) Responsible Entity and Administration fees

The Responsible Entity's duties include establishing the compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund. As Responsible Entity, Walsh & Company Investments Limited charges a fee of 0.33% per annum (exclusive of GST) of the gross asset value of the Fund, representing a Responsible Entity fee of 0.08% (exclusive of GST) per annum and an Administration fee of 0.25% per annum (exclusive of GST).

Total Responsible Entity and Administration fees paid or payable to the Responsible Entity for the year ended 30 June 2020 were \$86,487 (30 June 2019: \$98,536), exclusive of GST, and included in management and administration fees in profit or loss.

b) Custodial services

The Responsible Entity provided custodial services to the Fund in its personal capacity under a custody arrangement with Walsh & Company Investments Limited during the period up to 19 December 2019.

Effective 19 December 2019, the Fund's custodial services were outsourced to external service providers. The Responsible Entity bears the cost of the custodial services and, as such, there were no custody fees paid out of the assets of the Fund.

c) Fund administration services

Australian Fund Accounting Services Pty Limited, a related party of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. The Responsible Entity bears the cost of the fund administration services and, as such, there were no fund administration fees paid out of the assets of the Fund.

d) Legal and consulting services

Effective from January 2020, the Responsible Entity entered into an agreement with MDA1 Pty Limited, trading as MA Law, to provide legal and consulting services to the Responsible Entity and the investment schemes under its control. Mike Adams, a director of the Responsible Entity, is also a director and shareholder of MDA1 Pty Limited. Mike Adams previously provided similar services as an employee of a non-related entity to the Fund. The Responsible Entity has agreed to bear the cost of the legal and consulting services and, as such, there were no legal and consulting fees paid out of the assets of the Fund.

Investment Management fee

The Investment Manager provides investment management services to the Fund, including overseeing the assessment of market conditions and investment opportunities, the selection and recommendation of investments, monitoring the Funds' investment portfolio, and determining and recommending the retention or sale of investment in the Fund's portfolio.

In connection with the provision of services as Investment Manager, Evans and Partners Investment Management Pty Limited, a related party of the Responsible Entity, receives an Investment Management fee of 0.65% per annum (exclusive of GST) of the gross asset value of the Fund's portfolio.

Total Investment Management fees paid or payable to the related party of the Responsible Entity for the year ended 30 June 2020 were \$199,468 (30 June 2019: \$211,151), exclusive of GST, and included in management and administration fees in profit or loss.

Evans & Partners Australian Flagship Fund
Notes to the financial statements
30 June 2020

14. Related party transactions (continued)

Brokerage fees

Dixon Advisory & Superannuation Services Limited, a related party of the Responsible Entity, was engaged as a broker by the Fund and received brokerage of 0.25% on all transactions undertaken as part of the Fund's buy-back program up to 1 October 2019.

Effective 1 October 2019, Evans & Partners Pty Ltd, also a related party of the Responsible Entity and broker of the Fund, was engaged to provide brokerage under the Fund's buy-back program. There was no change in the brokerage fee structure under the buy-back program as a result of the change in brokers.

Total brokerage fees paid or payable to the related party of the Responsible Entity for the year ended 30 June 2020 were \$21,115 (30 June 2019: \$1,638), exclusive of GST, and included in buy-back costs in changes in equity.

Investment transaction costs

Evans & Partners Pty Ltd, a related party of the Responsible Entity, receives brokerage of 0.10% (excluding GST) on all transactions in Australian equities undertaken by the Fund.

Total investment transaction costs paid or payable to the related party of the Responsible Entity for the year ended 30 June 2020 were \$16,275 (30 June 2019: \$50,798), exclusive of GST, and recognised as investment transaction costs in profit or loss.

15. Reconciliation of (loss)/profit after income tax to net cash from operating activities

	2020	2019
	\$	\$
(Loss)/profit after income tax expense for the period	(1,441,262)	3,611,669
Adjustments for:		
Net (loss)/gain on financial assets at fair value through profit or loss	2,084,984	(2,416,212)
Investment transaction costs	17,904	55,878
Other income	-	(194)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	121,926	(201,108)
(Decrease)/increase in payables, excluding unsettled trades	(10,931)	29,988
Net cash from operating activities	<u>772,621</u>	<u>1,080,021</u>

Evans & Partners Australian Flagship Fund
Notes to the financial statements
30 June 2020

16. Remuneration of auditor

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

	2020	2019
	\$	\$
<i>Audit services - KPMG</i>		
Audit or review of the financial statements	34,150	30,200
<i>Other services - KPMG</i>		
Taxation services	5,000	5,000
	<u>39,150</u>	<u>35,200</u>

Walsh & Company Investments Limited, the Responsible Entity of the Fund, has agreed to bear the fees for the audit and other services paid to KPMG for the reporting year.

17. Events after the reporting period

On 25 August 2020, the Responsible Entity provided its unitholders notice in writing of its intention to commence the wind-up of the Fund on or around 26 October 2020 in accordance with the provisions of the Fund's constitution. In line with this, the Responsible Entity has determined that the unit buy-back program is no longer in the best interest of the unitholders and has concluded this program on 25 August 2020.

Evans & Partners Australian Flagship Fund
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Stuart Nisbett
Chairman of Walsh & Company Investments Limited, Responsible Entity

27 August 2020



Independent Auditor's Report

To the unitholders of Evans & Partners Australian Flagship Fund

Opinion

We have audited the **Financial Report** of Evans & Partners Australian Flagship Fund (the Fund).

In our opinion, the accompanying Financial Report of the Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Statement of financial position* as at 30 June 2020
- *Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration*.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Fund in accordance with *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 (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Valuation, existence and completeness of financial assets at fair value through profit or loss (\$22.3m)

Refer to Note 9 *Financial Assets*

The key audit matter

Financial assets at fair value through profit of loss comprise investments in listed Australian securities (investments).

Valuation and existence of investments is a key audit matter due to:

- Size of the Fund's portfolio of listed Australian securities which represents 97% of total assets at year end;
- The degree of audit effort and resources involved in gathering sufficient appropriate audit evidence on the valuation and existence of investments;
- the Fund outsourced certain processes and controls relevant to recording and valuing investments to a custodian for the period from 15 November 2019 to the year-ended 30 June 2020; and
- The importance of the performance of these investments in driving the Fund's investment income and capital performance.

As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.

How the matter was addressed in our audit

Our procedures included:

- We assessed the appropriateness of the accounting policies applied by the Fund, including those relevant to the fair value of investments, against the requirements of the accounting standards;

For the period from 1 July 2019 to the date custodial functions were transferred to external service providers:

- We obtained an understanding of the processes and assessed controls in relation to the custodial functions within the Responsible Entity to record and value the Fund's investments;
- We checked the accuracy of the transfer of investments from the Responsible Entity's underlying records to the external custodian;
- We checked the trade dates for a sample of investments purchased and sold from the Fund's list of trades to underlying trade confirmations from counterparties. We did this to check the ownership and quantity of the investments held by the Fund; and
- For a sample of investments purchased and sold from the Fund's list of trades, we checked the trade dates to underlying trade confirmations from counterparties and amounts settled to the Fund's bank statements to assess the period the investment is recognised or derecognised.

For the period from the date custodial functions were transferred to external service providers to 30 June 2020:

- We obtained the custodians' GS007 (Guidance Statement 007 Audit Implications of the User of Service Organisations for Investment Management Services) independent assurance report to understand the custodian's processes and assess controls to record and value the Fund's investments; and
- We assessed the reputation, professional competence and independence of the auditors of the GS007 assurance report;

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	<ul style="list-style-type: none"> • We checked the ownership of the investments to custody reports to test existence of investments being valued; and • We checked the valuation of a sample of investments, as recorded in the general ledger, to externally quoted market prices from Australian stock exchange as at year end.
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Emphasis of matter – Basis of Preparation

We draw attention to Note 3 in the Financial Report, which describes the basis of preparation. The Financial Report has not been prepared on a going concern basis as the Responsible Entity has announced that the Fund will commence winding up on or around 26 October 2020. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in Evans & Partners Australian Flagship Fund’s annual reporting which is provided in addition to the Financial Report and the Auditor’s Report. The Directors of Walsh & Company Investments Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Walsh & Company Investments Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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/ar2_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Jessica Davis

Partner

Sydney

27 August 2020

Evans & Partners Australian Flagship Fund
Investments at market value
30 June 2020

Investments

The investments held by the Fund are:

	Market Value	
	\$	%
Investments		
AFTERPAY TOUCH GROUP LTD	747,615	3.35%
AMCOR LIMITED	609,927	2.74%
ARISTOCRAT LEISURE LIMITED	734,527	3.30%
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	1,332,704	5.98%
BEACH ENERGY LIMITED	409,877	1.84%
BHP BILLITON LIMITED	2,125,487	9.54%
COMMONWEALTH BANK OF AUSTRALIA	1,228,317	5.51%
CROWN RESORTS LTD	448,988	2.01%
CSL LTD	2,495,178	11.19%
JAMES HARDIE INDUSTRIES PLC	742,462	3.33%
MACQUARIE GROUP LTD	1,216,006	5.45%
NATIONAL AUSTRALIA BANK LIMITED	1,315,848	5.90%
NEWCREST MINING LIMITED	578,891	2.60%
QUBE HOLDINGS LTD	671,686	3.01%
RIO TINTO LTD	757,329	3.40%
SEEK LTD	666,025	2.99%
STOCKLAND CORPORATION LTD	401,821	1.80%
SYDNEY AIRPORT HOLDINGS PTY LTD	678,030	3.04%
TELSTRA CORPORATION LIMITED	653,015	2.93%
TRANSURBAN GROUP	1,013,460	4.55%
WESFARMERS LTD	1,263,713	5.67%
WOODSIDE PETROLEUM LTD	638,307	2.86%
WOOLWORTHS GROUP	814,643	3.65%
XERO LTD	748,273	3.36%
Total	<u>22,292,129</u>	

Transactions

The total number of transactions in Fund securities during the reporting period was 53.

Evans & Partners Australian Flagship Fund
Unitholder information
30 June 2020

The unitholder information set out below was applicable as at 31 July 2020.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary units
1 to 1,000	2,678
1,001 to 5,000	242,831
5,001 to 10,000	1,294,438
10,001 to 100,000	10,752,250
100,001 and over	2,593,463
	<u>14,885,660</u>
Holding less than a marketable parcel	<u>12</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary units % of total units issued	
	Number held	
ZONDA SUPER PTY LTD (ZONDA SUPER FUND A/C)	1,250,000	8.37
ATTUNGA SUPER PTY LTD (ATTUNGA SUPER FUND A/C)	312,500	2.09
JACKAZZAN PTY LTD (M A JACKSON SUPER FUND A/C)	312,500	2.09
CRIMSON PERMANENT ASSURANCE COMPANY PTY LTD (S DYKES & R MAGUIRE S/F A/C)	218,750	1.46
YIREMBA PTY LTD (YIREMBA PTY LTD S/FUND A/C)	125,000	0.84
MELPEAT PTY LTD (CRAWFORD SUPER FUND A/C)	125,000	0.84
MALEIGH PTY LTD L MATTHEWS SUPER FUND A/C	125,000	0.84
MR DAMIEN JOSEPH KENNEALLY & MRS CANDACE LYNN KENNEALLY (THE KENNEALLY FAMILY S/F A/C)	124,713	0.83
MJG BLOOM PTY LIMITED (MICHAEL BLOOM SUPER FUND A/C)	100,000	0.67
MRS RUTH MARGARET APPLETON	94,000	0.63
WENDALOO PTY LTD (TOM KELLY SUPER FUND A/C)	93,750	0.63
FRANCIS PARK PTY LTD (JOBING SUPER FUND A/C)	93,750	0.63
MR PHILIP STEPHEN CALLANDER & MRS KERRY ROBIN CALLANDER	93,750	0.63
DR PAUL JOHN EDWARD BEINAT & MRS ROSALIND GAY BEINAT (BEINAT SUPER FUND A/C)	78,750	0.53
MR ROBERT JAMES BAILLIE	78,750	0.53
PROFESSOR NEVILLE WALLER REES & DR BETTYE JEANETTE REES	78,750	0.53
PJ & MM HOULIHAN PTY LTD (P & M HOULIHAN S/FUND A/C)	77,500	0.52
MR ROBERT ANDREW TURNER & MRS LISA GAY TURNER (BOBBY T A/C)	72,500	0.49
MRS JENNIFER JOYCE ROWLAND & DR DONALD TREVOR ROWLAND (JJ & DT ROWLAND SUPER A/C)	68,750	0.46
M F & M L SCULLY SUPERANNUATION PTY LTD (M F & M L SCULLY S/F A/C)	65,000	0.44
	<u>3,588,713</u>	<u>24.05</u>

Evans & Partners Australian Flagship Fund
Unitholder information
30 June 2020

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

There are no substantial holders in the Fund.

Voting rights

The voting rights attached to ordinary units are set out below:

Ordinary units

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

There are no other classes of equity securities.

Management Agreement Summary

Evans and Partners Investment Management Pty Limited (ACN 619 080 045) (**Investment Manager**) has been appointed to act as investment manager for the Evans & Partners Australian Flagship Fund (**Fund**) under an Investment Management Agreement (**Investment Management Agreement** or **IMA**) dated 12 April 2018 between Evans and Partners Investment Management Pty Limited as the Investment Manager and Walsh & Company Investments Limited (**Responsible Entity**) as Responsible Entity of the Fund.

The IMA is for an Initial Term commencing on the date of the agreement, 12 April 2018, and expiring on the date 10 years after the commencement date, unless terminated earlier in accordance with its terms.

Under the IMA, the Investment Manager is entitled to be paid a monthly management fee of up to 2% (exclusive of GST) per annum of the gross asset value of the Portfolio calculated at the end of the month and a performance fee of 20% of the return achieved above the higher of the Index Return and Absolute Return Hurdle. On 13 April 2018, the Investment Manager has agreed to receive a reduced investment management fee of 0.65% (exclusive of GST) per annum of the gross asset value of the Fund and to waive the performance fees until further notice.

Evans & Partners Australian Flagship Fund
Corporate directory
30 June 2020

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).
The ASX code is EFF

Evans & Partners Australian Flagship Fund

(ARSN 625 303 068)

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Responsible Entity

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Mike Adams

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ANZ Bank

J.P. Morgan

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