

# **Lowell Resources Fund (ASX: LRT)**

ARSN 093 363 896

## **Appendix 4E**

**For the year ended 30 June 2018**

## Preliminary Final Report

This preliminary final report is for the reporting period from 1 July 2017 to 30 June 2018.

The previous corresponding year end was 30 June 2017.

### Results for announcement to the market

	30 June 2018	30 June 2017	Increase / (Decrease)
	\$'000	\$'000	at the end of the reporting year
Net assets attributable to unitholders	22,195	18,965	17.03%
Revenues from continuing operations	1,646	4,814	(65.08%)
Profit for the year	94	3,705	(97.46%)

Earnings per unit	30 June 2018	30 June 2017
Earnings per unit	\$0.037	\$1.548
Dilluted earnings per unit	\$0.037	\$1.548

### Brief explanation of results

LRT's portfolio eked out a small gain over FY18, with the unit price ending the year at \$7.9347. It was a turbulent twelve months for the Fund, buffeted by unfolding events in the United States and China, the two dominant economies affecting the resource sector.

The Fund's management is optimistic that the early signs of a bull market in the resource sector will bear fruit notwithstanding the modest retreat in the copper price and hesitancy in the precious metals. World growth rates outside the US have deteriorated in 2018. Crude oil has been the standout performer and may resume its ascent after the current pullback. The oil price will influence perceptions of growth and inflation, with flow-on effects on other resource prices. Niche metals in batteries and electronics may have been temporarily overbought but are expected to appreciate over the longer term, depending on supply response, with increasing EV and stationary power storage applications. The price of gold is being held down by a monetary tightening in the US and a slowdown in global money supply.

The Fund's management is prepared for a lift in mining & energy stocks but are aware that there is likely to be a shifting commodity focus. The Fund's Investment Resources have been expanded to enhance expertise in stock selection ahead of what the management expects to be a rewarding, albeit volatile, period in the resource sector.

The financial results of the operations of the Fund are disclosed in the statement of comprehensive income. The net accounting profit for the Fund for the year ended 30 June 2018 was \$93,980. This compares to a net accounting profit of \$3,705,184 for the year ended 30 June 2017.

As at 30 June 2018, the net asset of the Fund was \$22,195,213. This compares to a net asset of \$18,964,719 for the year ended 30 June 2017. The increase in assets was a result of portfolio appreciation and an increase in the number of units on issue.

### Distribution information

As at 30 June 2018, the Fund had no distributable income for distribution.

### Distribution Reinvestment Plan

Distribution Reinvestment Plan (DRP)'s Terms and Conditions provides that:

- participation is entirely optional;
- unitholders must use all of their future Income Distributions to acquire new units in the Fund;
- the election that unitholders make will apply to all future Income Distributions unless unitholders advise the Fund by varying or cancelling these instructions;
- the purchase price of the re-invested units will be based on the ex-distribution price calculated by the responsible entity on the distribution calculation date;
- unitholders will not pay any additional costs such as brokerage and stamp duty; and
- if unitholders participate in the DRP, they will receive a statement of the income due to them and details of units allotted to them.

### Net tangible assets

	30 June 2018	30 June 2017
Net tangible assets per security	\$7.9347	\$7.9308

### Other information

There was no gain or loss of control of entities during the current year.

The Fund does not have associates or joint venture entities.

The Fund did not carry out any Buy-back arrangements during the reporting year.

The Fund is not a foreign entity.

**Audit**

This report is based on accounts which have been audited by the Fund's Auditors – Nexia Melbourne Audit Pty Ltd.

Melbourne  
30 August 2018



# **Lowell Resources Fund**

ARSN 093 363 896

## **Annual Report**

**For the year ended 30 June 2018**

# Lowell Resources Fund

ARSN 093 363 896

## Annual Report For the year ended 30 June 2018

### Contents

	Page
Investment Manager's Report	6
Corporate Governance Statement	8
Directors' Report	13
Auditor's Independence Declaration	20
Statement of Profit or Loss and Other Comprehensive Income	21
Statement of Financial Position	22
Statement of Changes in Net Assets Attributable to Unitholders	23
Statement of Cash Flows	24
Notes to the Financial Statements	25
Directors' Declaration	43
Independent Auditor's Report to the Unitholders of Lowell Resources Fund	44
Unitholder and Other Information	48

These financial statements cover Lowell Resources Fund as an individual entity.

The Responsible Entity of Lowell Resources Fund is Cremorne Capital Limited (ACN 006 844 588) (AFSL 241175).

The Responsible Entity's registered office is:

8 Chapel Street  
Cremorne VIC 3121

## Investment Manager's Report

The Lowell Resources Fund (LRT) was listed on the Australian Stock Exchange as a Listed Investment Trust on 22 March 2018 under the ASX code LRT. LRT is managed by Lowell Resources Funds Management Limited, which has occupied this role since 2004, with Cremorne Capital Limited acting as Responsible Entity. The ASX listing was accompanied by a capital raising in the gross amount of approximately AUD\$3.5 million.

Having achieved an average return of over 10% per annum in the 14 years since inception, the Fund's returns were lower in FY18, with a small 0.5% increase in calculated Net Asset Value (NAV) per unit, attributed in part to costs involved in listing. The resource sector languished during FY18 as world markets were dominated by strong returns from major stock exchanges, particularly in the United States. This detracted from the investor appeal of mineral commodities, and especially small exploration companies which are the focus of the LRF. Risk capital was also attracted by medical cannabis equities and crypto currencies in some markets.

Growth in the US economy coupled with strong market returns and rising US interest rates acted as a magnet for funds from a world flush with liquidity from years of quantitative easing. This in turn boosted the value of the US dollar, with an adverse impact on commodities priced in that currency, particularly the precious metals. Resource stock prices suffered as a consequence. LRF management responded by increasing the cash weighting of the portfolio which not only provided a partial hedge against declining prices but also added to the opportunity to take positions in beaten down stocks considered best positioned to rebound as the market improves.

Apart from increasing the level of cash, more funds were allocated to small gold stocks in anticipation of higher bullion prices. The same applied to copper and zinc which were expected to benefit from growing world demand and potential supply shortfalls; to specialty metals lithium, cobalt and high-purity aluminium for use in the growing fleet of electric vehicles worldwide; and to strategically located oil and gas exploration companies. Industrial metals in general appreciated over the period in line with modest synchronous global growth and from a spurt in US housing construction.

The Bloomberg Industrial Metals Index trended upward over the year, but at financial year end was testing support. With regard to stocks in the LRT portfolio, strong performances by Gold Road Limited, which reflected steady progress towards commercial gold production in Western Australia, as well as Kidman Resources which established a substantial lithium resource, and industrial metal explorers Tinka Resources and Kalium Lakes were offset by declining share prices in some unlisted gold positions and Petrel Energy Limited, which experienced problems in its Uruguayan oil and gas exploration program, despite successful confirmation of mature oil source rocks in its first well. This is not atypical of frontier exploration which is high risk but with commensurately high reward potential.

Towards year end, markets were unsettled by threats of a trade war and potential disruption of world trade as the era of globalization draws to a close. Asset prices were marked down across the board, but some robust junior companies with exceptional resource exposure and management bucked the trend and maintained upward momentum.

LRT's management was particularly attracted to Kingston Resources with its excellent Misima gold property in Papua New Guinea, Ironbark Zinc which holds a substantial zinc resource in Iceland, Sunstone Metals with an exciting, gold project in the burgeoning exploration play in Ecuador, Adriatic Minerals with promising drilling results in the Baltic, and De Grey, Antipa and Musgrave all achieving strong gold exploration results in Western Australia.

Among the Fund's unlisted investments, Afton Energy was successful in discovering commercial volumes of oil and gas in Texas, with production underway since January 2018. Laguna Gold, the Fund's largest investment, is scheduled to list on the ASX in 2018.

The Fund is designed as a relatively high-risk/reward investment vehicle which has demonstrated that it can achieve above-average returns over the longer term. Over the past year it has endured a difficult period for small-scale mineral and energy companies, but the managers anticipate higher commodity prices and revived interest in the sector.

As always, the timing of a turnaround cannot be confidently predicted.

## Corporate Governance Statement

### Overview

Cremorne Capital Limited (Responsible Entity, or Company) is the responsible entity for the Lowell Resources Fund (Fund, or LRT), a registered managed investment scheme that was listed on the Australian Securities Exchange (ASX) on 22 March 2018.

The Responsible Entity is the holder of an Australian Financial Services License (AFSL) 241175 which enables it to operate as responsible entity of the Fund.

This Corporate Governance Statement (Statement) reports against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition, March 2014 (Recommendations).

### Principle 1: Lay solid foundations for management and oversight

As the Fund is an externally managed entity, the following Recommendations under Principle 1 are not applicable: 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7.

In operating the Fund, the Responsible Entity's overarching principle is always to act in good faith and in the best interests of the Fund's unitholders in accordance with its fiduciary duty. The Responsible Entity's duties and obligations in relation to the Fund principally arise from the Constitution of the Fund, the Compliance Plan for the Fund, the Recommendations, the general regulatory requirements of the Australian Securities and Investments Commission (ASIC) and ASX and legislative and regulatory requirements of jurisdictions in which the Fund and the Responsible Entity operate.

The Board of Directors of the Responsible Entity, in consultation with management and the Compliance Committee of the Fund (established under the Compliance Plan), determine appropriate corporate governance practices, taking into account the matters outlined in the preceding paragraph. Where corporate governance practices differ from a Recommendation, this Statement will set out the reasons for the difference.

The Responsible Entity has adopted an Audit and Risk Committee Charter and a Risk Management Plan.

As part of the governance process, the Board of the Responsible Entity and the Compliance Committee periodically review the Fund's policies and practices to provide reasonable assurance that they meet the requirements of stakeholders and that there is a process of continual improvement in governance standards.

A copy of the charters and policies adopted by the Responsible Entity on behalf of the Fund are available at <http://www.cremornecapital.com/lrf-profile/>.

### Principle 2: Structure the Board to add value

As the Fund is an externally managed entity, the following Recommendations under Principle 2 are not applicable: 2.1, 2.2, 2.4, 2.5 and 2.6.

### 2.3 Details of independent directors

The Directors of the Responsible Entity are Michael Ramsden (non-executive Chairman), appointed on 1 June 2007, Donald Carroll (non-executive), appointed on 21 September 2009 and Oliver Carton (non-executive), appointed on 22 October 2010. Having regard to the size and intended operations of the Fund, the Board of the Responsible Entity does not consider it necessary to have any independent Directors, however the Board considers Oliver Carton to be an independent Director.

## Principle 3: Act ethically and responsibly

### 3.1 Code of Conduct

The Board of the Responsible Entity has adopted a Code of Conduct (Code) that applies to all Directors, senior executives, employees, service providers and representatives of the Responsible Entity. The Code requires all Directors, senior management and employees of the Responsible Entity to act honestly always in the exercise of their duties as an employee, and, where possible and appropriate, follows the Recommendations. The purpose of this Code is to set out the ethical principles and professional standards of conduct which guide the Responsible Entity and its employees in its business activities.

The Code also sets out standards and restrictions in relation to:

- the avoidance and management of actual or potential conflicts of interest;
- preventing the offering or acceptance of bribed and other unlawful or unethical payments or inducements;
- the non-tolerance of any act of harassment or discrimination; and
- compliance with the letter and spirit of all Commonwealth and State or Territory trade practices laws.

The Board of the Responsible Entity has also adopted a Securities Trading Policy (Trading Policy) that sets out the circumstances in which certain restricted persons may trade in Fund securities. The Trading Policy prohibits those restricted persons from dealing in Fund securities when they are in possession of price-sensitive information that is not generally available to the market and also places restrictions and notification requirements on dealing with Fund securities, including the imposition of blackout periods and the need to obtain pre-trade approval. The Trading Policy aims to align with the ASX Listing Rules and relevant guidelines.

The Responsible Entity is also subject to the AFSL licensing requirements.

A copy of the Code and the Trading Policy can be found at

<http://www.cremornecapital.com/lrf-corporate-governance/>.

## Principle 4: Safeguard integrity in corporate reporting

### 4.1 Audit committee

Having regard to the size and intended operations of the Fund, the Board of the Responsible Entity has determined that the function of an Audit, Risk and Compliance Committee (ARC) is the responsibility of the Board of the Responsible Entity, which will carry out this function in accordance with an adopted Audit, Risk and Compliance Committee Charter (ARC Charter). A copy of the ARC Charter can be found at <http://www.cremornecapital.com/lrf-corporate-governance/>. The Charter contains the delegated role, responsibilities, functions and powers of the ARC and is reviewed periodically, or whenever significant changes occurs.

## **Principle 4: Safeguard integrity in corporate reporting (continued)**

### **4.1 Audit committee (continued)**

Some of the key roles of the ARC are to:

- oversee the Responsible Entity's responsibilities relating to financial reporting, relevant statutory requirements, statutory external financial audits and audits of the Fund;
- monitor and review the propriety of any related party transactions;
- meet with the external auditor of the Fund at least annually and review the appointment of the external auditor of the Fund;
- enhance credibility and objectivity of financial reports;
- establish procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters relating to the Fund;
- evaluate the adequacy and effectiveness of the administrative, operating and accounting policies for the Fund; and
- review at least twice annually the risk management systems of the Fund in relation to some aspects of the risk management and compliance frameworks.

The ARC will meet at minimum twice a year. The Fund's independent external auditor is Nexia Melbourne Audit Pty Ltd.

### **4.2 Financial Statements Declaration**

Prior to the approval of any financial statements, the ARC Charter requires that the Responsible Entity's Chairman and the party responsible for preparation of the Fund's financial records make a declaration to the ARC that the financial records of the Fund have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Fund and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **4.3 External auditor attends AGM**

The Fund's external auditor will be requested to attend the Fund's Annual General Meeting and to be available to answer any questions from unitholders relevant to the audit.

## **Principle 5: Make timely and balanced disclosure**

### **5.1 Continuous disclosure policy**

The Responsible Entity's Board has adopted a Communication and Disclosure Policy for the Fund that assists with clear and effective communication to unitholders by ensuring:

- the Fund, at a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules;
  - the Fund provides unitholders, together with the market, timely, direct and equal access to information issued by it; and
  - information which is not generally available and which may have a material effect on the price or value of the Fund's Units is identified and appropriately considered for disclosure to the market.
- The Fund's Communication and Disclosure Policy can be found at <http://www.cremornecapital.com/lrf-corporate-governance/>.

## Principle 6: Respect the rights of security holders

### 6.1 Provision of information to investors

The Responsible Entity recognises that unitholders are entitled to accurate, timely and relevant information and should be fully informed of material matters that affect the Fund's position and prospects. Any prospective investors should be able to make informed investment decisions regarding the Fund. The Responsible Entity seeks to accomplish this through the periodic release of:

- weekly and monthly NAV notices to the ASX including publication of the NAV per unit;
- monthly updates in respect of the Fund;
- quarterly portfolio disclosure;
- an Annual Investor Letter;
- the Fund's Half Year results; and
- the Fund's Full Year.

After it has been disclosed to the ASX, all information is available at

<http://www.cremornecapital.com/lrf-unit-price/>.

The Responsible Entity also maintains information about the Fund and its governance the above website including:

- a copy of the Fund's Constitution and corporate governance charters and policies;
- ASX Releases; and
- Unit Registry details and a link to the ASX for share price information.

### 6.2 Investor relations

The Responsible Entity will seek feedback from unitholders to facilitate effective two-way communication.

### 6.3 Unitholder participation at meetings

The Responsible Entity recognises the importance of unitholder interaction and supports the principle of participation. If any meetings are held, the Responsible Entity will provide the required documents to, and inform unitholders of such documents, run the meeting as required and make the required ASX disclosures.

### 6.4 Option for electronic unitholder communications

The Responsible Entity recognises the benefits of the use of electronic communications and unitholders have the option to receive communications from, and send communications to, the unit registry electronically. The following information can be received electronically:

- distribution statements;
- periodic statements;
- annual taxation statements;
- Annual Reports;
- If any meetings are held, notices of meetings and proxy forms and the ability to vote online; and
- other general Fund communications.

The unit registry can be contacted via email or telephone for any unitholder wishing to update their communications preferences. Contact details for the unit registry can be found at <http://www.automic.com.au>.



## **Principle 7: Recognise and manage risk**

### **7.1 Risk committee**

The ARC Charter, combined with a Risk Management Plan (RM Plan) and Fund Compliance Plan, provide the framework that the Responsible Entity has adopted to oversee and manage risk in relation to the Fund. The Responsible Entity's Board and the Fund's Compliance Committee (established under the Fund Compliance Plan) otherwise have oversight of the operational risk and compliance frameworks as they consider risk management matters should be a strong focus of the management of the Fund.

The RM Plan sets out a policy for risk oversight and management within the Company. A copy of the Risk Management Plan and Fund Compliance Plan can be found at <http://www.cremornecapital.com/lrf-corporate-governance/>.

### **7.2 Review of risk management framework**

The RM Plan is to be reviewed by the Compliance Manager and updated at least annually with quarterly reporting to the Board of any matters that affect the accuracy of the RM plan and any relevant actions plans included in the RM Plan. In the event of a material breach of the RM Plan, or a material regulatory change affecting the Responsible Entity or the Fund, the RM Plan (or the risk assessment contained therein) will be reviewed and amended as necessary.

### **7.3 Internal audit function**

The Company does not have an internal audit function. The Responsible Entity is the holder of AFSL 241175 and is subject to the regular requirements imposed upon AFSL holders. The Responsible Entity has appointed an external auditor of the Fund, and these external audits provide reasonable assurance on the design and operating effectiveness of the Fund's compliance and control environment. In addition, periodic monitoring of compliance with key policies and procedures is performed by the Responsible Entity and the results are reported to the Board of the Responsible Entity.

The Boards and senior management of the Responsible Entity have the skills and expertise to understand and rigorously review and challenge the information provided and recommendations submitted for approval. Where additional assurance is desired, the Board can commission external independent advice and reviews as necessary.

### **7.4 Economic, environmental and social sustainability risks**

The Responsible Entity acknowledges that whilst the industry in which the assets of the Fund are primarily invested in may have material exposure to environmental or social sustainability risks (resources sector), the Board of the Responsible Entity does not consider the Fund currently has such material exposure.

Further details in relation to environmental and social sustainability risks can be found in the Fund's Product Disclosure Statement which can be found at <http://www.cremornecapital.com/lrf-pds/>.

## **Principle 8: Remunerate fairly and responsibly**

As the Fund is an externally managed entity, the following Recommendations under Principle 8 are not applicable: 8.1, 8.2 and 8.3.

## Directors' Report

The Directors of Cremorne Capital Limited (ACN 006 844 588, AFSL 241175), the Responsible Entity of Lowell Resources Fund (LRT), present their report together with the financial statements of Lowell Resources Fund ('the Fund') for the year ended 30<sup>th</sup> June 2018. Cremorne Capital Limited was appointed as the Responsible Entity on 26<sup>th</sup> June 2000 for the Fund.

Lowell Resources Funds Management Limited (ACN 006 769 982, AFSL 345674) is the Investment Manager of LRT.

### Directors

The following persons held office as Directors of Cremorne Capital Limited from 1 July 2017 to 30 June 2018:

Michel Ramsden (appointed 1 June 2007)

Michael is a qualified lawyer with more than 30 years experience as a corporate adviser, he has been involved with all forms of finance, including money markets, futures trading, lease finance, trade finance and foreign exchange. Michael has worked for a Lloyds broker in London and a number of major international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited. Michael was a Director of D&D Tolhurst Stockbrokers and Tolhurst Corporate Ltd, and is experienced in funds management, mergers and acquisitions, corporate restructuring, equity raising and the general provision of corporate advice. Michael is currently Chairman of Australia Mines Limited (ASX:AUZ), African Mahogany Australia Pty Ltd, Managing Director of Terrain Capital and a Honorary Treasurer and a Director of the Victoria Racing Club.

Oliver Carton (appointed 22 October 2010)

Oliver is a qualified lawyer with over 22 years of experience in a variety of corporate roles. He currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG. Prior to that, he was a senior legal officer with ASIC. Oliver has significant corporate governance experience and is currently director and company secretary of a number of listed and unlisted companies, ranging from Cremorne Capital Limited to the not for profit Melbourne Symphony Orchestra Pty Ltd. Mr Carton did not hold any stock in the Fund at the end of this reporting year.

Don Carroll (appointed 21 September 2009)

Don has extensive experience in the international resources business primarily in the marketing and development of minerals. In a career spanning 29 years with BHP Billiton, and prior to that Rio Tinto, he has held a number of senior positions including President BHP Billiton Japan, President BHP Billiton India and Group General Manager Marketing Asia based in Hong Kong. He has been active in the development of coal, bauxite and iron ore resources as well as the marketing of most mineral and energy products. He has experience in the merger and acquisitions sector including the merger of BHP with Billiton. Don holds a degree in mining engineering from Sydney University and is a long-standing member of the Australian Institute of Mining and Metallurgy and is a member of the Australian Institute of Company Directors. Mr Carroll did not hold any stock in the Fund at the end of this reporting year.

## **Secretaries**

Lisa Ratcliffe (appointed 29 January 2012)

Lisa holds a membership of FCCA . Her current role is the company secretary and also the accountant of Cremorne Capital Limited Ms Ratcliffe has 23 years of accounting experience working in a variety of practice and industries in both the UK and Australia. She has been working with Cremorne Capital Limited corporate advisory for 11 years as accountant and company secretary of several businesses.

Julie Edwards (appointed 20 March 2018)

Julie Edwards holds a Bachelor of Commerce degree, is a member of CPA Australia and holds a Public Practice Certificate. Ms Edwards is a director and manager of Lowell Accounting Services Pty Ltd and also provides Company Secretarial services for a number of other ASX listed companies and unlisted companies.

## **Principal activities**

The Fund invests predominantly in securities listed on the ASX and investments that are likely to be listed on the ASX in the future and Australian denominated cash. The Fund's goal is to produce superior long-term returns from a selected number of underlying investments, irrespective of short term price movements.

The Fund did not have any employees during the year.

The Fund was listed on the Australian Securities Exchange (ASX) on 22 March 2018 after successfully raising \$3,526,019.76 for additional 423,797 units issued at \$8.3201 per unit in its Initial Public Offering.

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

## **Units on Issue**

Units on issue in the Fund at year end are set out below:

	30 June 2018	30 June 2017
	Number of units	Number of units
Units on issue	2,797,239	2,391,279

## **Options:**

The Fund issued 1,221,594 Unlisted Options on 28 February 2018. The Options' exercise price is \$9.1521 expiring on 21 March 2020 being 24 months from the date that the Fund's official quotation was completed on ASX.

**Review and results of operations:**

During the year, the Fund continued to invest its funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitutions.

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

	<b>30 June 2018</b>	<b>30 June 2017</b>
	\$	\$
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	94	3,705
<i>Distributions</i>		
Distributions paid and payable	nil	987,776
Distributions (dollar per unit)	nil	0.4125

**Financial Position**

As at 30 June 2018, the Fund's total assets amounted to \$22,673,724 (30 June 2017: \$20,208,704).

Net Tangible Assets (NTA) per unit as disclosed to the ASX, from the period of listing on 22 March 2018 through to 30 June 2018 was, as follows:

	<b>30 June 2018</b>
	\$
At reporting period	7.9347
High during period	8.2951
Low during period	7.7125

**Management costs**

The Fund's history of management costs (ICR) is as follows:

Indirect Cost Ratio

<b>Financial year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Lowell Resources Fund	1.8%	2.3%	2.1%

### Meetings of directors

The numbers of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each director were:

	Full Board		Audit Compliance & Corporate Governance Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Michael Ramsden	11	11	11	11	11	11
Oliver Carton	11	11	11	11	11	11
Don Carroll	11	11	11	11	11	11

### Remuneration Report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its regulations. The Board remains confident that its remuneration policy and the level and structure of its executive remuneration are suitable for the company and its shareholders. No amount is paid by the Scheme directly to the Directors or key management personnel of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Scheme to the Directors as Key Management Personnel.

### Significant changes in state of affairs

A resolution was passed at a meeting of members on 31 October 2017 to apply for listing of Lowell Resources Fund (the Fund). On 22 March 2018, Cremorne Capital Limited (the Responsible Entity for the Fund) announced that the Fund successfully raised in its Initial Product Offering (IPO) \$3,526,019.74 worth of 423,797 units issued at a price of \$8.3201 per unit in this IPO process. On this date, the Fund was admitted to the official list of ASX Limited and official quotation of its securities commenced on this date traded under the code 'LRT'.

On 21 April 2018, Julie Edwards was appointed as the Joint Secretary of Cremorne Capital Limited (the Responsible Entity).

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

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

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

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

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

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

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

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

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

Fees paid to the Responsible Entity out of the Fund's property during the year are disclosed in Note 9 to the financial statements.

No fees were paid out of the Fund's property to the Directors of the Responsible Entity during the year. The number of interests in the Fund held by the Responsible Entity as at the end of the financial year are disclosed in Note 9 to the financial statements.

#### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 6 to the financial statements. The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

**Indemnification of auditor**

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

**Non-audit services**

There has been provision of the following non-audit services during the financial year, by the Fund's current Auditor, Nexia Melbourne Audit Pty Ltd and also Nexia Melbourne Corporate Pty Ltd, a related party of the auditor. The provisions of these services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The non-audit services performed by the auditor are disclosed in Note 8 to the financial statements.

	30 June 2018	30 June 2017
	\$	\$
<b>Non-Audit Services</b>		
Compliance Plan	5,100	4,200
Investigative Accountant's report *	15,000	-
<b>Total</b>	<b>20,100</b>	<b>4,200</b>

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

\* During the reporting year, the Fund also received non-audit services of \$15,000 from Nexia Melbourne Corporate Pty Ltd (a related party of the Fund's Auditor).

**Independence Declaration by Auditor**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

  
.....  
Michael Ramsden  
Chairman



**Auditor's Independence Declaration under section 307C of the  
Corporations Act 2001****Lowell Resources Fund**

As lead partner for the audit of the financial statements of Lowell Resources Fund for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Nexia Melbourne Audit Pty Ltd**  
Melbourne



**Andrew S. Wehrens**  
Director

Dated this 28<sup>th</sup> day of August 2018

**Lowell Resources Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2018**

**Statement of Profit or Loss and Other Comprehensive Income**

	<b>Note</b>	Year Ended 30 June 2018	Year Ended 30 June 2017
		\$	\$
<b>INCOME</b>			
Interest Revenue		21,174	23,042
Dividends Revenue		8,300	54,557
Unrealised changes in fair value of investments through profit or loss		(123,554)	3,205,256
Realised gain / (loss) from disposal of investments		1,735,238	1,529,590
Other Revenue		5,188	1,875
<b>Net Investment Income / (Loss)</b>	<b>7</b>	<b>1,646,346</b>	<b>4,814,320</b>
<b>EXPENSES</b>			
Management Fee		452,310	424,682
Custodian's Fee		53,050	70,504
Performance Fee		263,081	432,533
Auditor's Remuneration	<b>8</b>	18,911	16,500
Administration expenses		263,040	164,916
Listing fees		501,974	-
<b>Total Expenses</b>		<b>1,552,366</b>	<b>1,109,135</b>
<b>Profit / (Loss) from operating activities</b>		<b>93,980</b>	<b>3,705,185</b>
Change in net assets attributable to unitholders		93,980	3,705,185
<b>Net Income / (Loss) for attributable to unitholders</b>		<b>93,980</b>	<b>3,705,185</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>93,980</b>	<b>3,705,185</b>
<b>Distribution to unitholders</b>		<b>-</b>	<b>(987,776)</b>
<b>Earnings per unit for profit attributable to unitholders of the Fund</b>			
Basic earnings per unit	<b>14</b>	<b>\$0.037</b>	<b>\$1.548</b>
Diluted earnings per unit		\$0.037	\$1.548

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

**Lowell Resources Fund**  
**Statement of Financial Position**  
**For the year ended 30 June 2018**

**Statement of Financial Position**

	Note	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
<b>ASSETS</b>			
Cash and cash equivalents	11	2,165,460	2,269,472
Other receivables	3	12,264	86,463
Financial Assets	2(b) & 4	20,496,000	17,852,769
<b>Total Assets</b>		<b>22,673,724</b>	<b>20,208,704</b>
<b>LIABILITIES</b>			
Other payables	5	478,511	1,243,985
<b>Total Liabilities (excluding net assets attributable to unitholders)</b>		<b>478,511</b>	<b>1,243,985</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>6</b>	<b>22,195,213</b>	<b>18,964,719</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Statement of Changes in Net Assets Attributable to Unitholders

	<b>Net Assets Attributable to Unitholders</b>
<b>As at 30 June 2016</b>	<b>16,424,057</b>
Net profit / (loss) attributable to unitholders	3,705,184
Distribution to unitholders	(987,776)
Distribution reinvested from unitholders	-
Applications for units	585,494
Redemption of units	(762,240)
<b>As at 30 June 2017</b>	<b>18,964,719</b>
Net profit / (loss) attributable to unitholders	93,980
Distribution to unitholders	-
Distribution reinvested from unitholders	512,496
Applications for units	3,526,020
Cost of capital raising	(196,771)
Redemption of units	(705,231)
<b>As at 30 June 2018</b>	<b>22,195,213</b>

*The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.*

**Lowell Resources Fund**  
**Statement of Cashflows**  
**For the year ended 30 June 2018**

**Statement of Cash Flows**

	Note	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
<b>Cash flows from Operating Activities</b>			
Distributions and dividends received		8,300	54,557
Interest received		14,663	23,585
Payments for expenses		(1,198,791)	(1,097,537)
Listing fees paid		(501,974)	-
<b>Net Cash used in / provided by operating activities</b>	11(b)	<b>(1,677,802)</b>	<b>(1,019,395)</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of securities		6,522,705	7,723,419
Payment for securities		(7,097,653)	(6,216,233)
<b>Net Cash used in / provided by investing activities</b>		<b>(574,948)</b>	<b>1,507,186</b>
<b>Cash flows from Financing Activities</b>			
Payments for redemption of units		(705,231)	(762,239)
Payments for distribution		(483,518)	-
Payments for cost of capital raising		(196,771)	
Receipts for application of units		3,534,258	585,494
<b>Net cash used in / provided by financing activities</b>		<b>2,148,738</b>	<b>(176,745)</b>
<b>Net increase(decrease) in cash and cash equivalents held</b>		<b>(104,012)</b>	<b>311,046</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>2,269,472</b>	<b>1,958,426</b>
<b>Cash and cash equivalents at end of the year</b>	11(a)	<b>2,165,460</b>	<b>2,269,472</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### Contents

	<b>Page</b>
1 General information	26
2 Summary of significant accounting policies	26
3 Other receivables	31
4 Financial assets	31
5 Other payables	31
6 Net assets attributable to unitholders	32
7 Operating segment	33
8 Remuneration of auditors	33
9 Related parties transactions	33
10 Distributions to unitholders	35
11 Reconciliations of profit to net cash inflow/(outflow) from operating and financing activities	36
12 Financial risk management	37
13 Fair value measurement	41
14 Earnings per unit	41
15 Events occurring after the reporting period	42
16 Contingent assets and liabilities and commitments	42

## **1 General information**

These financial statements cover Lowell Resources Fund ('the Fund') as an individual entity. The Fund is an Australian registered managed investment scheme under the *Corporations Act 2001*, which was constituted on 21<sup>st</sup> January 1986 and was admitted to the Australian Securities Exchange ('ASX') on 22<sup>nd</sup> March 2018.

The Responsible Entity of the Fund is Cremorne Capital Limited (ACN 006 844 588) (AFSL 241175), the Responsible Entity. The Responsible Entity's registered office is 8 Chapel Street, Cremorne, VIC 3121. The Responsible Entity is incorporated and domiciled in Australia.

The Fund invests predominantly in securities listed on the ASX and investments that are likely to be listed on the ASX in the future and Australian denominated cash. The Fund's goal is to produce superior long-term returns from a selected number of underlying investments, irrespective of short term price movements.

The financial statements of the Fund are for the year ended 30 June 2018. The financial statements are presented in the Australian currency.

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

## **2 Summary of significant accounting policies**

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

### **(a) Basis of preparation**

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

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

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

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

## 2 Summary of significant accounting policies (continued)

None of the new standards and amendments to standards that are mandatory for first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period.

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

#### *(i) Classification*

The Fund's investments are classified as at fair value through profit or loss.

#### *(ii) Recognition/derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under liabilities are discharged.

#### *(iii) Measurement*

##### *Financial instruments held at fair value through profit or loss*

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other Comprehensive Income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise. For further details on how the fair value of financial instruments is determined, please see Note 13 to the financial statements.

#### *(iv) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of Financial Position.

### **(c) Net assets attributable to unitholders**

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Fund. The Fund is a closed-end Fund and is not subject to applications and redemptions.



## 2 Summary of significant accounting policies (continued)

### (d) Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (e) Investment Income

Purchase and sale of investments have been categorised as cashflow from investing activities. Interest income on cash and cash equivalents is recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. Changes in fair value of financial instruments held at fair value through profit or loss are recorded in accordance with policies described in Note 2(b) to the financial statements. Dividend income is recognised on the date of payments. The Fund did not incur withholding tax imposed by foreign countries on investment income. All income is recorded gross of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. Trust distributions are recognised on an entitlement basis. Other income is recognised on an accruals basis.

### (f) Expenses

All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

### (g) Income Tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund. Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax. Realised losses are not distributed to unitholders but are retained in the Fund to be offset against any future realised capital gains. If realised capital gains exceed realised losses, the excess is distributed to the unitholders.

The benefits of any imputation credits and foreign tax paid are passed on to unitholders.

### (h) Distributions

The Fund distributes its distributable income annually in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

### (i) Increase / Decrease In Net Assets Attributable To Unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

## 2 Summary of significant accounting policies (continued)

### (j) Other Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established.

Dividends are recognised on the dates of payments.

Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables. Receivables also include such items as Reduced Input Tax Credits (RITC). Collectability of receivables is reviewed on an ongoing basis.

Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income with other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

### (k) Other Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period. As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the Statement of Financial Position as at the end of each reporting period where this amount remains unpaid as the end of the reporting period.

### (l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%; hence investment management fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

### (m) Use Of Estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For the majority of the Fund's financial instruments, quoted market prices are readily available.

For more information on how fair value is calculated please refer to Note 13 to the financial statements.

## 2 Summary of significant accounting policies (continued)

### (n) Comparative Revisions

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

### (o) New Accounting Standards For Applications In Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Scheme. The responsible entity has decided not to early adopt any of the new and amended pronouncements. Its assessment of the pronouncements that are relevant to the Scheme but applicable in future reporting periods is set out below:

- *AASB 9 Financial Instruments and associated Amending Standards* (applied to annual reporting periods beginning on or after 1 January 2018).  
AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The Directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they have been carried at fair value through profit or loss in the past reporting years. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss. The change in impairment rules will not materially impact the Fund.
- *AASB 15 Revenue from Contracts with Customers* (applied to annual reporting periods beginning on or after 1 January 2018).  
AASB 15 will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 Construction Contracts which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The Fund's main sources of income are interest, dividends and distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.
- *AASB 16 Lease* (applied to annual reporting periods beginning on or after 1 January 2019).  
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The new Standard does not make any significant changes to lessor accounting and as such is only expected to impact lease accounting from a lessee's perspective. AASB 16 is not expected to impact the Scheme's financial statements.

### 3 Other Receivables

	30 June 2018	30 June 2017
	\$	\$
Interest receivable	6,880	369
Goods and services tax recoverable	5,384	11,198
Debtors on sale of investments to be settled	-	74,896
<b>Total</b>	<b>12,264</b>	<b>86,463</b>

The Fund has no significant concentration of credit risk with respect to any party other than those receivables specifically provided for and, if any provision is made, mentioned within Note 12. The main source of credit risk is considered to relate to sale of investments to be settled.

On a geographic basis, the Funds credit risk exposures are limited to Australia as all investments are settled within Australia. All balances of receivables are within initial terms and are considered to be of high credit quality. The fund does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired. No collateral is held as security for any of the trade and other receivable balances.

### 4 Financial Assets

#### Held for Trading at fair value:

Equities investments in listed and unlisted shares	20,496,000	17,852,770
--	------------	------------

### 5 Other Payables

Other unsecured payables and accrued expenses	59,445	63,541
Creditors on purchase of investments to be settled	376,515	-
Management Fees Payable	41,991	38,204
Distribution Payable	-	987,776
Accrued Performance Fee	560	154,464
<b>Total</b>	<b>478,511</b>	<b>1,243,985</b>

## 6 Net assets attributable to unitholders

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

### (a) Movements in net assets attributable to unit holders

	30 June 2018	30 June 2017
	\$	\$
At beginning of the year	18,964,719	16,424,057
Units issued during the year	3,526,020	585,494
Cost of capital raising during the year	(196,771)	-
Units redeemed during the year	(705,231)	(762,240)
Transfer of the net undistributed income from the statement of comprehensive income	93,980	3,705,184
Distribution reinvestment from unitholders	512,496	-
Distributions payable	-	(987,776)
<b>Closing balance of net assets attributable to unit holders</b>	<b>22,195,213</b>	<b>18,964,719</b>

### (b) Movements in number of units

On issue at beginning of the year	2,391,279	2,414,172
Units reinvested	64,468	-
Units issued during the year	423,797	69,684
Units redeemed during the year	(82,305)	(92,577)
<b>On issue at year end</b>	<b>2,797,239</b>	<b>2,391,279</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

### Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as a liability. Generally the Fund's strategy is to hold liquid investments. Liquid assets include cash and cash equivalents and listed investments. The Fund became a closed-ended Fund during the period and is not subject to applications and redemptions. The movements in the number of units were as a result of applications and redemptions processed prior to the Fund becoming closed-ended and additional units being allotted under the dividend reinvestment plan.

## 7 Operating Segments

The operation of the fund is solely from Australia, the Fund has exposure to various resources' sectors as follows:

COUNTRY	INCOME		ASSETS	
	2018	2017	2018	2017
	\$	\$	\$	\$
Australia	1,646,346	4,814,320	17,867,976	16,454,948
Canada	-	-	2,260,724	1,397,821
UK	-	-	367,300	-
<b>Total</b>	<b>1,646,346</b>	<b>4,814,320</b>	<b>20,496,000</b>	<b>17,852,769</b>

The Fund has only one reportable segment. The Fund operates predominantly in Australia and is engaged solely in investment activities, deriving revenue from dividend and distribution income, interest income and from the sale of its investment portfolio.

## 8 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the Fund's Auditor (Nexia Melbourne Audit Pty Ltd) and Nexia Melbourne Corporate Pty Ltd, a related party of the Auditor:

	30 June 2018	30 June 2017
	\$	\$
<b>Audit Services</b>		
Half-year Review and Annual Audit of the financial report	13,811	12,350
<b>Total</b>	<b>13,811</b>	<b>12,350</b>
<b>Non-Audit Services</b>		
Compliance Plan	5,100	4,200
Investigative Accountant's report *	15,000	-
<b>Total</b>	<b>20,100</b>	<b>4,200</b>

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

\* During the reporting year, the Fund also received non-audit services of \$15,000 from Nexia Melbourne Corporate Pty Ltd (a related party of the Fund's Auditor).

## **9 Related party transactions**

The Responsible Entity of the Fund is Cremorne Capital Limited (ACN 006 844 588) (AFSL 241175) (the 'Responsible Entity'). The Responsible Entity's registered office is 8 Chapel Street, Cremorne, VIC 3121.

The Responsible Entity has contracted services to Lowell Resources Funds Management Limited to act as Investment Manager for the Fund, Equity Trustees Limited acts as Custodian for the Fund. The contracts are on normal commercial terms and conditions.

### **(a) Key Management Personnel**

Key management personnel include persons who were Directors of the Responsible Entity at any time during or since the end of the financial year up to the date of this report.

The following persons held office as Directors of Cremorne Capital Limited from 1 July 2017 to 30 June 2018:

- Michel Ramsden
- Oliver Carton
- Don Carroll

### **(b) Other key management personnel**

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

### **(c) Transactions with the Responsible Entity and the key management personnel**

Transactions with the Responsible Entity have taken place at arms length and in the ordinary course of business.

Investment management fees of \$452,310 (2017: \$424,682) were paid to the Responsible Entity in accordance with the constitution at 2.1% per annum (2017: 2.1%) of the total cash and investment portfolio of the Fund assessed and payable on a monthly basis.

Custody fees of \$12,000 (2017: \$36,000) were paid to the Responsible Entity in accordance with the constitution at a fixed rate of \$3,000 per month and such fees were discontinued per the amendment to the constitution passed in the general meeting on 31 October 2017.

### **(d) Key management personnel loans**

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

### **(e) Other transactions within the Fund**

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

## 9 Related party transactions (continued)

### (f) Related party unitholdings

Parties related to the Fund held units in the Fund as follows:

	Units held (opening balance)	Interest held (%)	Units acquired	Units disposed	Distributions paid/payable by the Fund (\$)
<b>30 June 2018</b>					
Ormley Pty Ltd <Andrew Ramsden Super Fund>*	-	-	6,010	-	6,010

\* Michael Ramsden is a Director of Ormley Pty Ltd as trustee for Andrew Ramsden Super Fund.

### **30 June 2017**

Ormley Pty Ltd <Andrew Ramsden Super Fund>	-	-	-	-	-
--	---	---	---	---	---

\* Michael Ramsden is a Director of Ormley Pty Ltd as trustee for Andrew Ramsden Super Fund.

### (g) Investments

The Fund did not hold any investments in Cremorne Capital Limited (The Responsible Entity) during the reporting year.

## 10 Distributions to unitholders

The distributions declared during the year were as follows:

	30 June 2018		30 June 2017	
	\$ Total	\$Per Unit	\$Total	\$Per Unit
Distributions paid or payable	Nil	Nil	987,776	\$0.4131



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

### (a) Reconciliation of cash and cash equivalents

	30 June 2018	30 June 2017
	\$	\$
Cash	915,460	1,768,822
Deposits at call	1,250,000	500,650
<b>Total cash and cash equivalents</b>	<b>2,165,460</b>	<b>2,269,472</b>

### (b) Reconciliation of net income attributable to unitholders for period to net cash provided by operating activities

Net profit/(loss) attributable to unitholders	93,980	3,705,184
Net gains on disposal of investments	(1,735,238)	(3,205,256)
Net profit on revaluation	123,553	(1,529,589)
Other income (non-operating activities)	(5,188)	(1,875)
Changes in net assets:		
(Increase)/decrease in income receivable	(696)	1,159
Increase/(decrease) in creditors and accruals	(154,213)	10,982
<b>Net cash used in operating activities</b>	<b>(1,677,802)</b>	<b>(1,019,395)</b>

## 12 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. All securities investments present a risk of loss of capital. The maximum loss of capital on long equity is limited to the fair value of those positions.

Financial risk management is carried out by the investment management team at Lowell Resources Funds Management Limited. The Investment Manager of the Fund is aware of the risks associated with the business of investment management. A financial risk management framework has been established within the Investment Manager which incorporates a regular assessment process to ensure that procedures and controls adequately manage the risks arising from current business activities.

The Responsible Entity also has in place a framework to identify, control, report and manage compliance and business obligations, and to ensure that the interests of unitholders in the Fund are protected.

This framework includes:

- Policies and procedures;
- Committee and board reporting;
- Staff training;
- Formal service provider agreements;
- Compliance reporting by the Investment Manager, Investment Administrator and Custodian (the "Service Providers");
- Regular reviews of Service Providers; and
- Monitoring of Responsible Entity Services compliance in accordance with Risk and Control Self-Assessment methodology.

The Responsible Entity is ultimately responsible for compliance monitoring. The Responsible Entity undertakes monitoring reviews of the Fund's operations and performance, focusing on the general control environment and investment management, administration and custodial functions as provided to the Responsible Entity of the Fund. The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risk and ratings analysis for credit risk.

### (a) Credit risk management

Credit risk represents the risk that would be recognised if counterparties failed to perform as contracted. The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for its investments as disclosed in Note 12 and the cash held in the bank.

The carrying amount of financial assets recorded in the financial statements represents the Fund's maximum exposure to credit risk.

### (b) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements. Under the terms of its Constitution, the Fund has the ability to manage liquidity risk by delaying redemptions to unit holders, if necessary, until the funds are available to pay them.

## 12 Financial risk management (continued)

### Maturity analysis for financial liabilities

The following table details the Fund's expected maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities. The inclusion of information on non-derivative financial assets and liabilities is necessary in order to understand the Fund's liquidity risk management as the liquidity is managed on a net asset and liability basis.

### Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
<b>Financial liabilities due for payment</b>								
Trade and other payable	436,521	1,051,317	-	-	-	-	436,521	1,051,317
Amounts payables to related parties	41,991	192,667	-	-	-	-	41,991	192,667
<b>Total expected outflow</b>	<b><u>478,512</u></b>	<b><u>1,243,985</u></b>	-	-	-	-	<b><u>478,512</u></b>	<b><u>1,243,985</u></b>
<b>Financial assets – cashflows realisable</b>								
Cash and cash equivalents	2,165,460	2,269,472	-	-	-	-	2,165,460	2,269,472
Trade and other receivables	-	74,896	-	-	-	-	-	74,896
<b>Total anticipated inflows</b>	<b><u>2,165,460</u></b>	<b><u>2,344,368</u></b>	-	-	-	-	<b><u>2,165,460</u></b>	<b><u>2,344,368</u></b>
<b>Net (outflow)/inflow on financial instruments</b>	<b><u>1,686,948</u></b>	<b><u>1,100,383</u></b>	-	-	-	-	<b><u>1,686,948</u></b>	<b><u>1,100,383</u></b>

Net assets attributable to unit holders are entirely payable on demand.

### (c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

## 12 Financial risk management (continued)

### (c) Market Risk (continued)

#### Interest rate risk management

30 June 2018	Weighted Average Int Rate (% p.a.)	Variable Int. Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>Financial Assets</b>				
Cash & Equivalents	1.90%	2,165	-	2,165
Listed & Unlisted Equities	-	-	20,496	20,496
Trade and Other Receivables	-	-	12	12
	-	2,165	20,508	22,673
<b>Financial Liabilities</b>				
Trade and Other Payable	-	-	479	479
	-	-	479	479
<hr/>				
30 June 2017	Weighted Average Int Rate (% p.a.)	Variable Int. Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>Financial Assets</b>				
Cash & Equivalents	2.30%	2,269	-	2,269
Listed & Unlisted Equities	-	-	17,853	17,853
Trade and Other Receivables	-	-	75	75
	-	2,269	17,928	20,197
<b>Financial Liabilities</b>				
Trade and Other Payable	-	-	256	256
	-	-	256	256

### (d) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The table below indicates the currencies to which the Fund had significant exposure at 30 June 2018 on its monetary assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian Dollar on the income statement, with all other variables held constant.

30 June 2018	Currency	AUD Equivalent in exposure by currency \$'000	Change in currency rate in %	Effect on net assets attributed to unitholders \$'000
	CAD	2,628	10/(10)	(34)
<hr/>				
30 June 2017	Currency	AUD Equivalent in exposure by currency \$'000	Change in currency rate in %	Effect on net assets attributed to unitholders \$'000
	CAD	1,398	10/(10)	52

## 12 Financial risk management (continued)

### (e) Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Fund's investment portfolio.

The effect on net assets attributable to unit holders and operating profit before distribution due to reasonably possible changes in market factors, as represented by the equity indices, with all other variables held constant is indicated in the table below.

30 June 2018	Index	Change in equity price %	Effect on net profit attributable to unitholders \$'000
	ASX All Ords	20/(20)	2,923/(2,923)
	S&P/TSX Composite	20/(20)	526/(526)
	Unlisted Equities	25/(25)	814/(814)
30 June 2017	Currency	Change in equity price %	Effect on net profit attributable to unitholders \$'000
	ASX All Ords	20/(20)	2,574/(2,574)
	S&P/TSX Composite	20/(20)	280/(280)
	Unlisted Equities	25/(25)	896/(896)

## 13 Fair value measurement

### Fair value measurement recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other quoted prices within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liability that are not based on observable market data (unobservable inputs).

	2018 \$ Level 1	2018 \$ Level 2	2018 \$ Level 3
<b>Financial assets at FVTPL</b>			
Shares in listed entities	16,832,320		
Options in listed entities	377,112		
Warrants in listed entities	31,887		
Shares in unlisted entities		3,254,681	
<b>Total</b>	<b>17,241,319</b>	<b>3,254,681</b>	<b>-</b>

There were no transfer between Level 1 and 2 in the period.

## 14 Earnings per unit

Basic earnings per unit amounts are calculated by dividing net profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the year.

Diluted earnings per unit are the same as basic earnings per unit.

	30 June 2018	30 June 2017
Profit attributable to unitholders	\$93,980	\$3,705,184
Weighted average number of units in issue	2,797,239	2,393,036
Basic and diluted earnings per unit in dollars	\$0.037	\$1.548

## **15 Events occurring after the reporting period**

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the Statement of Financial Position as at 30 June 2018 or on the results and cash flows of the Fund for the year ended on that date.

## **16 Contingent assets and liabilities and commitments**

There are no contingent assets, liabilities or commitments as at 30 June 2018 and 30 June 2017.

## DIRECTORS' DECLARATION

The financial statements and notes thereto of the Lowell Resources Fund for the financial year ended 30 June 2018 as set out on pages 21 - 42 have been prepared by Cremorne Capital Ltd ('the Responsible Entity') in accordance with the Corporations Act 2001.

The directors of the Responsible Entity declare that:

- a) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

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

On behalf of the Directors



Michael Ramsden

Director

MELBOURNE

Dated: 23-8-2018



## Independent Auditor's Report to the Members of Lowell Resources Fund

### Report on the Audit of the Financial Report

#### **Opinion**

We have audited the financial report of Lowell Resources Fund (the Fund), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for Opinion**

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### **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. These matters were 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 these matters.

## Key audit matter

## How our audit addressed the key audit matter

### **Valuation of Financial Assets – Unlisted Shares**

#### **Refer to notes 2, 2(b) and 4.**

At 30 June 2018, the Fund had \$3,254,681 of shares in unlisted entities in Financial Assets. These financial assets have been classified as fair value through profit or loss in accordance with AASB 9 and measured using Level 2 inputs in accordance with AASB 13 Fair Value Measurement.

This is a key audit matter due to the inherent subjectivity that is involved in the Management making judgements in relation to the Level 2 inputs.

Our procedures included, amongst others:

- We have reviewed the investment portfolio and agreed the balance to the general ledger.
- We have reviewed the Investment Committee's valuations of the Fund's unlisted investments.
- For the unlisted investments where there was little or no market observable data we agreed the investment value used to the cost information or net tangible asset information obtained from the unlisted entity obtained from the unlisted entity.
- Where there was market observable data available we used this data to confirm the Investment Committee's valuations.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information in the Fund's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

### **Responsibilities of the Directors for the Financial Report**

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### ***Opinion on the Remuneration Report***

We have audited the Remuneration Report included in page 16 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Lowell Resources Fund for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

#### ***Responsibilities***

The directors of the Fund are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**Nexia Melbourne Audit Pty Ltd**

Melbourne



**Andrew S. Wehrens**

Director

Dated this 28<sup>th</sup> day of August 2018



The information set out below was applicable as at 30 June 2018.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below:

#### **Distribution of unitholders**

Analysis of numbers of unitholders by size of holding:

<b>Size of holding</b>	<b>Number of unitholders</b>	<b>Number of units</b>	<b>% of units issued</b>
<b>Ranges</b>			
1 - 1,000	77	22,389	0.80%
1,001 - 5,000	389	904,239	32.33%
5,001 - 10,000	111	762,127	27.25%
10,001 - 100,000	64	1,108,484	39.63%
100,001 - 9,999,999,999	0	0	0.00%
<b>Totals</b>	<b>641</b>	<b>2,797,239</b>	<b>100.00%</b>

The number of unitholders holding less than a marketable parcel of \$500 worth of units is 32 and they hold a total 747 units.

#### **Largest unitholders**

*Twenty largest unitholders*

The names of the twenty largest holders of quoted units are listed below:

<b>Name of unitholder</b>	<b>Number of Units</b>	<b>% of Units Issued</b>
1 TIZIMA PTY LTD	68,500	2.45%
2 LOWELL PTY LTD	53,309	1.91%
3 MR JOHN BUCKHAM	49,184	1.76%
4 FN NASSER PROVIDENT FUND	36,378	1.30%
5 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	34,996	1.25%
6 MR RAYMOND JACOBS	34,109	1.22%
7 MR LUC GA DEFOSSEZ	29,103	1.04%
8 NJUU PTY LTD	28,656	1.02%
9 MR GABRIEL HERMANN SAVANNAH & MRS MARIE SOLANGE SAVANNAH	28,600	1.02%
10 D MOTTA & J MOTTA <FAMILY A/C>	25,729	0.92%
11 UNICARE TRADING NOMINEES PTY	23,754	0.85%
12 MRS ENG B E HEAH	23,665	0.85%
13 CONSOLIDATED FINANCIAL SOLUTIONS PTY LTD <CFS A/C>	21,808	0.78%
14 KMS PTY LTD <MBK NO 2 SUPER FUND A/C>	21,220	0.76%
15 TUGENDHAFT NOMINEES PTY LTD	20,550	0.73%
16 MR HOLT HUTTON	20,340	0.73%
17 MR BERNARD PATRICK DEAN	20,042	0.72%
18 MRS BRONWYN M MEPSTEAD	17,845	0.64%
19 FELSKAY PTY LTD	16,728	0.60%
20 MS NERIDA JANICE DEVEREUX	16,299	0.58%
<b>Total</b>	<b>590,895</b>	<b>21.12%</b>

### Substantial holders

There are no substantial unitholders as at 30 June 2018.

### Voting rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

- (a) On a show of hands every unitholder present will have 1 vote; and
- (b) On a poll every unitholder present will have 1 vote for each unit that they have in the Fund.

### Investment Transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 263.

Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was \$48,512.

### Stock Exchange Listing

The Fund's units are listed on the Australian Securities Exchange and are traded under the code "LRT".

### Unquoted Units

There are no unquoted units on issue.

### Voluntary Escrow

There are no restricted units in the Fund or units subject to voluntary escrow.

### On-Market Buy-Back

There is no current on-market buy-back.

### Registered Office of the Responsible Entity

Cremorne Capital Limited

8 Chapel Street

Cremorne VIC 3121

Telephone: 03 8295 8100

### Unit Registry

Name: Automic Pty Ltd

Address: Level 29, 201 Elizabeth Street  
Sydney NSW 2000

Phone (inside Australia): 1300 288 664

Phone (outside Australia): +61 2 8203 5410

Email: [hello@automic.com.au](mailto:hello@automic.com.au)

Website: [www.automic.com.au](http://www.automic.com.au)