



Melville Douglas Select Fund Limited

Unaudited Interim Report and Financial Statements

For the period 1 October 2018 to 31 March 2019

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Administration

Directors

Graham Baillie (South African/British)
Michael Farrow* (British)
Helen Holmes (British)
Oliver Sonnichler (South African/Austrian)

Registered Office

Standard Bank House
47 – 49 La Motte Street
St. Helier
Jersey JE2 4SZ
Channel Islands

Manager and Secretary

STANLIB Fund Managers Jersey Limited
Standard Bank House
47 – 49 La Motte Street
St. Helier
Jersey JE2 4SZ
Channel Islands

Investment Manager

Melville Douglas Investment
Management (Proprietary) Limited
30 Baker Street
Rosebank
Johannesburg, 2196
South Africa

Custodian

Link Corporate Services (Jersey) Limited
12 Castle Street
St. Helier
Jersey JE2 3RT
Channel Islands

Sub-Custodian and Banker

The Bank of New York Mellon SA/NV London Branch
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

Administrator

BNY Mellon Fund Services (Ireland) Designated
Activity Company
One Dockland Central, Guild Street
International Financial Services Centre
Dublin 1
Ireland

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Legal Adviser

Ogier
Ogier House
The Esplanade
St. Helier
Jersey JE4 9WG
Channel Islands

*Independent Non-Executive Director.

Report of the Directors

The directors submit their unaudited interim report and financial statements for the period ended 1 October 2017 to 31 March 2018.

Incorporation

Melville Douglas Select Fund Limited (the “Company”) is an open-ended investment company incorporated by way of a continuance in Jersey on 31 March 2003 under the provisions of the Companies (Jersey) Law 1991 as Melville Douglas European Fund Limited and holds a fund certificate issued pursuant to the Collective Investment Funds (Jersey) Law 1988 and is regulated by the Jersey Financial Services Commission (“JFSC”). It was initially incorporated in the British Virgin Islands under the Mutual Funds Act 1996 on 19 November 1998. On 29 November 2013 the Company changed its name to Melville Douglas Select Fund Limited. The Company is a public company within the meaning of Article 16 of the Companies (Jersey) Law 1991. Participating shares may be issued and redeemed at prices based upon each class’s underlying net asset value.

Structure

The Company offers investors a choice of classes (each such class being referred to as a “Class Fund”) and the opportunity to switch from one Class Fund to another. As at 31 March 2019 there is only one Class Fund available – Global Equity Class.

The assets, liabilities, income and expenses attributable to each class of participating share are applied to the Class Fund established for that class. If they are not attributable to any particular class of participating shares, they are allocated between all the Class Funds in such manner as the directors deem to be equitable. The Company is a single legal entity. As a result, although the assets, income, earnings, liabilities and expenses attributable to each Class Fund will be segregated and kept separate from those attributable to other Class Funds, in the event of the Company not being able to meet the liabilities attributable to any particular Class Fund out of the assets of such Class Fund, the excess liabilities may be met out of the assets attributable to other Class Funds. At 31 March 2019, the Company has only one Class Fund which offers four Share Classes.

Objective and investment policy

The objective of the Global Equity Class is to provide investors with long term capital growth by investing primarily in quoted global equities, which will maximise investment returns in US Dollars (“USD”). Results and dividends

Results and dividends

The Company does not intend to distribute income and capital gains realised by the Company on its investments by way of dividend. Accordingly, income on investments and increases in the capital value of the investments of the Company will be reflected in the value of the participating shares. The results for the period are disclosed in the Statement of Comprehensive Income.

Directors

The directors of the Company during the period and subsequently are set out on page 3.

Graham Baillie is also director of Standard Bank International Investments Limited and Chairman of Melville Douglas Investment Management (Proprietary) Limited. Helen Holmes is also director of Standard Bank International Investments Limited, Oliver Sonnichler is an executive of Melville Douglas Investment Management (Proprietary) Limited and Michael Farrow is an independent non-executive director.

No director has a service contract with the Company or holds any interest in the capital of the Company.

Registered Office

The registered office is as disclosed on page 3.

Report of the Directors (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable Jersey law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice "UK GAAP"), including Financial Reporting Standard ("FRS") 104 "The Interim Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 104").

The Companies (Jersey) Law, 1991 requires the directors to prepare the financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The directors confirm that they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and FRS 104. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Connected Persons

The directors are satisfied that there are arrangements in place to ensure that transactions with connected persons entered into during the period were carried out as if negotiated at arm's length and were in the best interests of shareholders.

Secretary

The Secretary of the Company during the period ended 31 March 2019 and subsequently was STANLIB Fund Managers Jersey Limited.

By order of the Board

STANLIB Fund Managers Jersey Limited

Company Secretary

25 July 2019

Statement of Financial Position

As at 31 March 2019
(Comparatives as at 30 September 2018)

	Notes	Global Equity Class 31 March 2019 USD	Global Equity Class 30 September 2018 USD
Assets			
Financial assets at fair value through profit or loss	2(b), 74	350,437,941	361,167,807
Cash and cash equivalents	2(c)	6,071,433	7,589,323
Receivable for shares sold	2(f)	773,885	1,756,110
Income receivable	2(d)	359,505	7,306
Other receivables		–	1,305
Total assets		357,642,764	370,521,851
Liabilities			
Payable for shares redeemed	2(f)	174,500	630,498
Management fees payable	2(g)	203,168	210,888
Administration fees payable	2(g)	56,850	55,941
Custodian fees payable	2(g)	4,440	4,339
Sub-Custodian fees payable	2(g)	2,407	2,072
Director fees payable	2(g)	8,800	9,100
Audit fees payable	2(g)	3,491	6,914
Other payables		8,369	7,207
Total liabilities		462,025	926,959
Net assets attributable to holders of redeemable shares		357,180,739	369,594,892
Net asset value per share			
Class A Shares		16.99	16.98
Class B Shares		13.50	13.52
Class C Shares		13.96	13.97
Class X Shares		13.95	13.87

The financial statements were approved by the Board on 25 July 2019.

The notes on pages 9 to 17 form an integral part of these financial statements.

Statement of Comprehensive Income

For the period 1 October 2018 to 31 March 2019.
(Comparatives are for the period 1 October 2017 to 31 March 2019)

	Notes	Global Equity Class 31 March 2019 USD	Global Equity Class 31 March 2018 USD
Income			
Dividend income	2(d)	2,718,598	2,089,425
Deposit interest	2(d)	21,096	606
Net (loss)/gain on financial assets at fair value through profit or loss	2(h), 3	(496,482)	21,654,773
Total net gain		<u>2,243,212</u>	<u>23,744,804</u>
Expenses			
Management fees	2(g)	1,251,917	1,295,042
Custodian fees	2(g)	27,188	24,698
Sub-Custodian fees	2(g)	15,931	11,670
Administration fees	2(g)	343,273	294,576
Performance fees	2(g)	–	1,735,774
Directors' fees	2(g)	18,200	18,100
Audit fees	2(g)	3,491	3,258
Sundry expenses		16,584	13,307
Total operating expenses		<u>1,676,584</u>	<u>3,396,425</u>
Net income		566,628	20,348,379
Taxation	2(i), 4	(534,651)	(452,254)
Increase in net assets attributable to holders of redeemable shares from operations.		<u>31,977</u>	<u>19,896,125</u>

All of the above results are from continuing operations. There are no recognised gains or losses for the period other than those set out in the Statement of Comprehensive Income. There are no differences between the results above and those under historical cost.

The notes on pages 9 to 17 form an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the period 1 October 2018 to 31 March 2019.

(Comparatives are for the period 1 October 2017 to 31 March 2018)

	Notes	Global Equity Class 31 March 2019 USD	Global Equity Class 31 March 2018 USD
Net assets attributable to holders of redeemable shares at the beginning of the period		369,594,892	258,044,692
Proceeds from the issue of shares	5	24,910,122	58,560,767
Payments on the redemption of shares	5	(37,356,252)	(18,720,460)
Increase in net assets attributable to holders of redeemable shares from investment activities		31,977	19,896,125
Net assets attributable to holders of redeemable shares at the end of the period		357,180,739	317,781,124

The notes on pages 9 to 17 form an integral part of these financial statements.

Notes to the Financial Statements

1. Incorporation

The Company was originally incorporated in the British Virgin Islands on 19 November 1998 and was incorporated in Jersey, Channel Islands by way of a continuance on 31 March 2003.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the periods presented unless otherwise stated. These financial statements have been prepared on a going concern basis under the historical cost convention as modified by the measurement at fair value of investments in accordance with applicable Jersey Law and United Kingdom Generally Accepted Accounting Practice ("UK GAAP") including Financial Reporting Standard 104 "The Interim Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 104"). The Company is an open-ended investment company incorporated by way of a continuance in Jersey on 31 March 2003 under the provisions of the Companies (Jersey) Law 1991 as Melville Douglas European Fund Limited and holds a fund certificate issued pursuant to the Collective Investment Funds (Jersey) Law 1988 and is regulated by the Jersey Financial Services Commission ("JFSC") as an unclassified fund. A summary of the more important accounting policies is set out below.

2. Accounting Policies

a. Basis of Accounting

These unaudited interim financial statements for the period ended 31 March 2019 have been prepared in accordance with FRS 104 as issued by the Financial Reporting Council ("FRC").

The Directors of the Company have applied FRS 102 for its annual and FRS 104 "Interim Financial Reporting" for its unaudited interim financial statements effective 1 October 2014. The Company has also applied "Amendments to FRS 102 - Fair value hierarchy disclosures" which were issued in March 2016 and are applicable for accounting periods beginning on or after 1 January 2018 with early application permitted. The Company took the option to early adopt the amendments and initially implemented these amendments in the interim period ended 31 March 2016.

The information required by FRS 102, to be included in a single statement for the reporting period displaying all items of income and expenses recognised during the period including those items recognised in determining profit or loss and items of other comprehensive income and a Reconciliation of Movements in Shareholders' Funds is, in the opinion of the directors, contained in the Statement of Comprehensive Income and Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares on pages 6 and 7. In arriving at the results for the period, all amounts in the Statement of Comprehensive Income on page 6 relate to continuing activities.

The Company has availed of the exemption available to open-ended investment funds under Section 7 "Statement of Cash Flows" of FRS 102 (Section 7.1a (c)), not to prepare a cash flow statement on the basis that substantially all of the Company's investments are highly liquid and carried at fair value, and the Company provides a Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares.

b. Investments

Investments are recognised on the Statement of Financial Position at the date on which the Company becomes party to contractual provisions of the instruments. Investments are initially recognised at cost which is the fair value at date of recognition. Subsequent to initial recognition, equities held are valued at closing mid-market price. Exchange Traded Funds held are valued at exchange price. Gains or losses arising from revaluation are recognised in the Statement of Comprehensive Income.

On disposal of investments, gains and losses on sale of investments are calculated on an average cost basis and are taken to the Statement of Comprehensive Income in the period in which they arise.

On initial application of FRS 104, in accounting for all of its financial instruments, an entity is required to apply either (a) the full requirements of Sections 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102, (b) the recognition and measurement provisions of International Accounting Standards ("IAS") 39 "Financial Instruments: Recognition and Measurement" ("IAS 39") as adopted for use in the European Union and the disclosure requirements of Sections 11 and 12, or (c) the recognition and measurement provisions of International Financial Reporting Standards ("IFRS") 9 "Financial Instruments" ("IFRS 9") and the disclosure requirements of Sections 11 and 12. The Company has applied FRS 102 from the year ended 30 September 2015 and has elected to apply the full requirements of Sections 11 and Section 12 of FRS 102.

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

c. Cash and cash equivalents

Cash is valued at cost, which approximates fair value.

Cash is held in accounts at The Bank of New York Mellon SA/NV London Branch which allows the Class Fund instant access to its accounts.

d. Income

Interest income is accounted for on an accruals basis using the effective yield basis. Dividend income is accounted for on the ex-dividend date. Dividend income is reported gross of withholding tax deducted at source and the related withholding tax is disclosed separately as a tax charge in the Statement of Comprehensive Income. Interest on deposit accounts is included on an accruals basis. Deposit interest and overdraft interest for the period is reported in the Statement of Comprehensive Income.

e. Foreign currencies

Transactions in foreign currencies are translated into the reporting currency of the Class Fund at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the reporting currency of the Class Fund at the rates of exchange ruling at the Statement of Financial Position date. The reporting currency of the Global Equity Class is US Dollars.

Differences arising on translation are included in the Statement of Comprehensive Income within income or expenses in the period in which they arise.

f. Share issues and redemptions

Shares in the Company may be issued at the issue price and redeemed at the redemption price on subscription days at the prices calculated in accordance with the Articles of Association and based on the value of the underlying investments held in the relevant Class Fund. The directors' present policy is that:

- i. On the issue of shares, the amount received is credited to the share capital account.
- ii. On redemption, the amount paid is debited to the share capital account. Should that account be fully utilised, the amount payable on redemption is debited to realised reserves.

Receivable for shares sold and payable for shares redeemed represent amounts that have been contracted for but not yet settled or delivered on the Statement of Financial Position date.

g. Expenses

The Company is responsible for the payment of management, custodian, sub-custodian, performance and administration fees, which are accrued for on each subscription day (see Note 7). The Company is also responsible for the payment of auditor's and directors' remuneration together with reporting expenses and operational costs in accordance with the prospectus. All expenses are accounted for on an accruals basis.

h. Net gains/(losses) on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets held for trading and excludes interest and dividend income and expenses. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period. Realised gains and losses on disposals are calculated using the average cost method and are reflected as net gains or losses on investments in the Statement of Comprehensive Income.

i. Withholding taxes

In some jurisdictions investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Portfolio. Withholding tax is disclosed separately as a tax charge from the gross investment income in the Statement of Comprehensive Income.

j. Distribution policy

The Company's policy is to not distribute any income on its participating shares.

Notes to Financial Statements (continued)**3. Gains and losses on financial assets at fair value through profit or loss**

	Global Equity Class 31 March 2019 USD	Global Equity Class 31 March 2018 USD
Non-derivative securities:		
Net realised gain on investments	2,624,718	11,039,415
Net movement in unrealised investment schemes	(3,106,855)	10,602,481
	<u>(482,137)</u>	<u>21,641,896</u>
Derivative securities:		
Net realised (loss)/gain on foreign currency contracts	(14,345)	12,877
Net movement in unrealised foreign currency	–	–
	<u>(14,345)</u>	<u>12,877</u>
Net (loss)/gain on financial assets at fair value through profit or loss	<u>(496,482)</u>	<u>21,654,773</u>

4. Taxation

For the purposes of Jersey taxation, the Company will fall under Article 123C of the Income Tax (Jersey) Law 1961, as amended, as a Jersey resident Company which is neither a “utility company” nor a “financial services company” and as such will be charged to Jersey income tax at a rate of 0% on its income (other than on any rental income or property development profits arising in respect of Jersey situs real property or land). The Company will not be subject to tax in Jersey on any capital arising to it.

Under applicable foreign tax laws, withholding taxes may be deducted from interest, dividends and capital gains attributable to the Company, at various rates. The Company pays withholding tax on dividends, which is deducted at source. This is shown separately as a taxation charge in the Statement of Comprehensive Income.

	31 March 2019 USD	31 March 2018 USD
Global Equity Class		
Overseas tax – withholding tax on dividend income	534,651	452,254

5. Share capital

The Company is authorised to issue 100 management shares of USD1.00 each and an unlimited number of participating shares of no par value.

The management shares exist solely to comply with Companies (Jersey) Law 1991 which requires that participating redeemable preference shares (“participating shares”) must have a preference over another class of capital. The holders of the management shares are entitled to receive notice of general meetings of the Company and to attend and vote thereat. On a poll a holder of management shares is entitled to one vote for each management share held by him/her. Management shares carry no right to a dividend and are not redeemable. In a winding up, they rank only for a return of paid up nominal capital out of the assets of the Company (before the return of nominal capital paid up on participating shares).

Notes to Financial Statements (continued)**5. Share capital (continued)**

Participating shares carry the right to a proportionate share in the assets of the relevant Class Fund and to any dividends that may be declared. Holders of the shares are entitled to receive notice of all general meetings of the Company and to attend and vote thereat. The holder of each share is entitled to one vote for each share of which he is a holder. Shares are redeemable by shareholders at prices based on the value of the net assets of the relevant Class Fund as determined in accordance with its Articles of Association.

Management shares

The management shares have been issued to the Manager at par and the proceeds of the issue are represented by a separate management fund. Details of the management fund at the Statement of Financial Position date are as follows:

	31 March 2019 USD	31 March 2018 USD
Current account	100	100
Management shares of USD1.00 each Authorised, issued and fully paid	100	100

The management fund is not reflected in the Statement of Financial Position.

Movements of participating shares

The following table shows the movement in participating shares during the period ended 31 March 2019.

	Number of shares at 30 September 2018	Issued during the period	Redeemed during the period	Number of shares at 31 March 2019
Global Equity Class – Class A Shares	14,539,760	136,023	(1,898,089)	12,777,694
Global Equity Class – Class B Shares	1,264,355	378,126	(152,962)	1,489,519
Global Equity Class – Class C Shares	246,548	91,792	(5,999)	332,341
Global Equity Class – Class X Shares	7,359,790	1,272,437	(365,982)	8,266,245

The following tables show the movement in participating shares during the year ended 30 September 2018.

	Number of shares at 30 September 2017	Issued during the year	Redeemed during the year	Number of shares at 30 September 2018
Global Equity Class – Class A Shares	15,323,737	831,698	(1,615,675)	14,539,760
Global Equity Class – Class B Shares	584,745	807,728	(128,118)	1,264,355
Global Equity Class – Class C Shares	105,416	256,392	(115,260)	246,548
Global Equity Class – Class X Shares	1,853,092	6,039,911	(533,213)	7,359,790

6. Related Party Transactions and Other Expenses

The following disclosures are made in accordance with the requirements of Section 33 “Related Party Disclosures” of FRS 102.

STANLIB Fund Managers Jersey Limited (the “Manager”), Melville Douglas Investment Management (Proprietary) Limited (the “Investment Manager”) and all non-independent directors are related parties of the Company.

The Manager is considered a related party by virtue of its contractual arrangements. The Investment Manager and the directors are considered related parties to the Company as they make key operating decisions for the Company.

The Manager has the primary responsibility for the management and administration of the Company.

Notes to Financial Statements (continued)

6. Related Party Transactions and Other Expenses (continued)

The Manager has appointed the Investment Manager to provide it with investment management services in relation to the Company. The fees of the Investment Manager are paid by the Manager out of its fees.

The annual management fee payable to the Manager is calculated as 1% of the net asset value of the Class Fund for Class A Shares, 1.5% for Class B Shares and 1.2% for Class C Shares. There is no management fee charged in respect of the Class X Shares. The Manager remits the above fees in full to the Investment Manager as an investment management fee.

The Manager is entitled to an annual administration fee at a rate of 0.2% of the net asset value of the Class Fund, out of which the Administrator will be paid. The above amounts accrue on each subscription day and are payable to the Manager by monthly payments in arrears.

For the Class A Shares the Manager is also entitled to a performance fee of 5% of the increase in the net asset value per share payable quarterly, calculated and accrued on each subscription day if the net asset value per share on that day exceeds the highest net asset value per share as at any previous subscription day. The Manager remits the above fee in full to the Investment Manager as an investment management performance fee when they occur. There are no performance fees charged in respect of the Class B Shares, Class C Shares and Class X Shares.

The fees of the Custodian shall be calculated as follows, subject to an overall minimum fee in respect of each Class Fund of USD5,000 per annum (such minimum fee to be waived in respect of cash funds) (the "Minimum Fee"):

On amounts less than USD50 million 0.035%

On amounts of more than USD50 million, but less than USD100 million 0.025%

On amounts of more than USD100 million, but less than USD500 million 0.010%

On amounts over USD500 million 0.005%

Such fees shall accrue daily and shall be payable to the Custodian by monthly payments in arrears becoming due on the first business day of each month in respect of the preceding month.

The Custodian is also entitled to be reimbursed out of the Class Fund for charges and transaction fees levied on it by the Sub-Custodian and other sub-custodians which shall be at rates which have been negotiated on an arm's length basis or are otherwise on commercial terms.

Michael Farrow is entitled to receive GBP5,000 per annum from the Company as director fees. Helen Holmes, Graham Baillie and Oliver Sonnichler are entitled to USD10,000 per director per annum from the Company. Directors fees incurred during the period ended 31 March 2019 amounted to USD18,200 (31 March 2018: USD18,100) with USD8,800 (30 September 2018: USD9,100) outstanding at the period end.

All transactions with the above related parties are at arm's length.

The fees incurred during the period ended 31 March 2019 and 31 March 2018 are as disclosed in the Statement of Comprehensive Income with the amounts outstanding at the period end disclosed in the Statement of Financial Position.

7. Financial risk management

Consistent with the investment objectives, as noted in the Report of the Directors, the Company's financial instruments comprise quoted securities. In addition, the Company holds cash and liquid assets and various items such as debtors and creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk (comprising market price risk, interest rate risk and currency risk), credit risk and liquidity risk. The Board reviews and agrees with the Manager and Investment Manager policies for managing each of these risks and they are summarised below.

7.1. Market risk

Market risk is the risk that the fair value of, or future cash flows arising from, financial instruments will fluctuate because of the changes in market variables. Market risk comprises three types of risks: market price risk, interest rate risk and currency risk.

Notes to Financial Statements (continued)

7. Financial risk management (continued)

7.1. Market risk (continued)

Market price risk arises mainly from uncertainty about future prices of equity and equity-linked financial instruments. It represents the potential loss the Company may suffer due to movements in securities prices.

The Class Fund's exposure to market price arises from its equity investments with a maximum exposure at the period end of USD350,437,941 (30 September 2018: USD361,167,807). The exposure levels are in line with the Class Fund's investment objectives and market price risk is managed through prescribed investment restrictions. Full details regarding the investment restrictions can be obtained from the prospectus.

Sensitivity analysis

The table below summarises the sensitivity of the Class Funds' net assets attributable to holders of redeemable shares to market price movements. It shows the increase/(decrease) in the net assets attributable to holders of redeemable shares for the Class Fund given a 5% movement in the underlying investment prices at period end; all other variables remaining constant (5% is considered to be a reasonable possible change in price):

	31 March 2019 USD	30 September 2018 USD
Global Equity Class	17,521,897	18,058,390

Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows arising from, the financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk from cash held on deposit. Market forces (in terms of a general increase or decrease in interest rates in a particular currency) may therefore have a detrimental or positive effect on the cash flows from cash deposits. As cash deposits are available on demand, there is no fair value risk from interest rates.

The Company does not actively manage interest rate risk as it is considered insignificant.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, financial instruments will fluctuate because of changes in foreign exchange rates.

The Class Funds' assets and liabilities may be denominated in currencies other than the reporting currency of the Class Fund. Therefore the value of such assets and liabilities may be affected favourably or unfavourably by fluctuations in currency rates.

The Company may enter into derivative transactions for the purposes of hedging against currency risk on behalf of the Class Fund, subject to various maximum exposure limits.

A proportion of the net assets of the Global Equity Class is denominated in currencies other than US Dollars, the functional currency of the Class Fund. As a result, the performance of the Class Fund can be affected by currency movements relative to the US Dollar.

The following tables show the currency exposure of the Class Fund as at 31 March 2019 and 30 September 2018.

Notes to Financial Statements (continued)**7. Financial risk management (continued)****7.1. Market risk (continued)****Currency risk (continued)****Global Equity Class**

Exposure currency 31 March 2019	Investments USD	Cash USD	Other net assets USD	Total net assets USD	% of net assets
CHF	11,439,197	–	–	11,439,197	3.20
EUR	34,129,261	–	–	34,129,261	9.56
GBP	45,831,229	–	321,441	46,152,670	12.92
HKD	12,102,797	–	–	12,102,797	3.39
JPY	13,195,558	–	16,450	13,212,008	3.70
USD	233,739,899	6,071,433	333,474	240,144,806	67.23
	<u>350,437,941</u>	<u>6,071,433</u>	<u>671,365</u>	<u>357,180,739</u>	<u>100.00</u>

Global Equity Class

Exposure currency 30 September 2018	Investments USD	Cash USD	Other net assets USD	Total net assets USD	% of net assets
CHF	12,739,741	–	–	12,739,741	3.44
EUR	33,156,836	–	–	33,156,836	8.97
GBP	51,998,431	142,404	–	52,140,835	14.11
HKD	11,045,238	–	–	11,045,238	2.99
JPY	12,479,594	–	7,307	12,486,901	3.38
USD	239,747,967	7,446,919	830,455	248,025,341	67.11
	<u>361,167,807</u>	<u>7,589,323</u>	<u>837,762</u>	<u>369,594,892</u>	<u>100.00</u>

Currency risk is not managed actively in its separate form. Significant currency risk arises from the portfolio of investments denominated in foreign currencies and this affects the carrying value of the securities, hence is considered as part of price risk.

The following sensitivity analysis shows the change in the net assets of the Class Fund given a 5% increase or decrease in the value of a foreign currency relative to the Class Funds' reporting currency for all significant foreign currency positions of the Class Fund (5% is considered to be a reasonable possible change in foreign currency rates).

Global Equity Class		Change in net assets 31 March 2019 USD	Change in net assets 30 September 2018 USD
CHF	+/-5%	571,960	636,987
EUR	+/-5%	1,706,463	1,657,842
GBP	+/-5%	2,307,634	2,607,042
HKD	+/-5%	605,140	552,262
JPY	+/-5%	660,600	624,345

7.2 Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its liabilities as they fall due. This also relates to the risk that the Company may not be able to realise its investments at current market values in time to meet its obligations.

Notes to Financial Statements (continued)

7. Financial risk management (continued)

7.2 Liquidity risk (continued)

Shareholders have the right to redeem their shares in the Company at every subscription day. The Company therefore needs to have adequate liquid resources to meet these redemptions and the maturity profile of the Company's investments may affect the Company's liability to meet the redemptions if the weighted average days to maturity is longer than the weighted average days to redemption.

Full details regarding the redemption and investment restrictions can be obtained from the prospectus.

7.3. Credit risk

Credit risk is the risk that the counterparties to the Company may be unable or unwilling to meet their obligations to the Company under the contractual or agreed terms. The Company's maximum exposure to credit risk is represented by the carrying value of cash and debtors.

The risk arising from deposits and debtors is considered minimal and therefore not actively managed. Significant debtors may arise from outstanding sales receipts. This is controlled by ensuring that securities are not transferred before settlement. Debtors arising from dividends and interest received are not considered material for the purpose of credit risk exposure.

Credit risks arising from cash at bank are mitigated by the investment restrictions as detailed in the prospectus. The Company seeks to engage with counterparties that are of an investment grade (at least BBB long-term or A-2 short-term) rating by S&P or an equivalent rating by Moody's or Fitch.

The Custodian, Link Corporate Services (Jersey) Limited is not rated with Standard & Poor's, Moody's or Fitch.

For the period ended 31 March 2019, the Sub-Custodian and Banker, The Bank of New York Mellon SA/NV London Branch has a credit rating of AA- (2018 : AA-) with Standard & Poor's, Aa2 (2018 : Aa2) with Moody's and AA- (2018 : AA-) with Fitch.

7.4 Fair value hierarchy

The FRC issued "Amendments to FRS 102 - Fair value hierarchy disclosures", effective for accounting periods beginning on or after 1 January 2017, with early adoption permitted. FRED 62 proposed to amend paragraphs 34.22 and 34.42 of FRS 102 to require disclosure of financial instruments held at fair value on the basis of a fair value hierarchy consistent with EU-adopted IFRS based on Level 1, 2 and 3 classifications. The Company has availed of early adoption thus the financial statements and comparatives have been prepared in accordance with these amendments and fair value measurement is categorised based on Levels 1, 2 and 3. These amendments did not have any impact on the Funds' financial position or performance.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted mid-market prices on the period end date or in the case of fund of funds are based on the net asset value per unit.

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

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

FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Notes to Financial Statements (continued)**7. Financial risk management (continued)****7.4 Fair value hierarchy (continued)**

The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The Company's financial assets measured at fair value as at 31 March 2019 and 30 September 2018 are all classified as Level 1 within the fair value hierarchy. There were no transfers between the levels during the reporting periods. There were no financial liabilities at 31 March 2019 or 30 September 2018.

8. Exchange rates

The following exchange rates at 31 March 2019 and 30 September 2018 were used to translate foreign currency assets and liabilities:

	31 March 2019	30 September 2018
USD/CHF	0.99589	0.97680
USD/EUR	0.89060	0.86093
USD/GBP	0.76743	0.76684
USD/HKD	7.84997	7.82489
USD/JPY	110.68501	113.58502

9. Valuation Date

The financial statements have been prepared on the last Net Asset Value of the period which has been calculated on 29 March 2019 with a price of that date.

10. Significant events during the period

There were no significant events during the period that require disclosure in these financial statements.

11. Post statement of financial position events

Further to an Australian Market (ASX) trading update issued 31 January 2019, Link Group announced its intention to sell its CPC business (which includes Link Corporate Services (Jersey)Limited (the Custodian)) to Apex Group Ltd by the end of September 2019, subject to regulatory approvals in the relevant jurisdictions. The deal completed on the 28 June 2019, with the Custodian changing its name to Apex Financial Services (Corporate) Limited.

There were no other significant post statement of financial position events that require disclosure in these financial statements.

12. Approval of financial statements

The financial statements were approved by the Board of Directors on 25 July 2019.

Fund Statistics

Global Equity Class – Class A Shares	Net asset value USD	Net asset value per share USD	% change in period	Number of shares in issue	Highest Price* USD	Lowest Price* USD
30 September 2012	40,962,494	10.13	1.30	4,045,144	10.28	9.45
30 September 2013	121,541,315	11.23	10.86	10,825,899	11.43	9.84
30 September 2014	153,916,966	12.12	7.93	12,694,370	12.73	10.94
30 September 2015	156,129,444	11.53	(4.87)	13,544,699	13.06	11.34
30 September 2016	171,840,280	12.52	8.59	13,730,332	12.60	11.10
30 September 2017	227,737,640	14.86	18.69	15,323,737	14.93	11.95
30 September 2018	246,939,029	16.98	14.27	14,539,760	17.18	14.90
31 March 2019	217,118,173	16.99	0.06	12,777,694	17.16	14.49

Global Equity Class – Class B Shares	Net asset value USD	Net asset value per share USD	% change in period	Number of shares in issue	Highest Price* USD	Lowest Price* USD
At launch (9 September 2016)	128,601	9.82	–	13,094	–	–
30 September 2016	986,556	9.93	1.12	99,322	9.98	9.82
30 September 2017	6,905,958	11.81	18.93	584,745	11.86	9.48
30 September 2018	17,099,072	13.52	14.48	1,264,355	13.72	11.84
31 March 2019	20,103,794	13.50	(0.15)	1,489,519	13.63	11.52

Global Equity Class – Class C Shares	Net asset value USD	Net asset value per share USD	% change in period	Number of shares in issue	Highest Price* USD	Lowest Price* USD
At launch (10 November 2016)	73,357	9.99	–	7,346	–	–
30 September 2017	1,282,174	12.16	21.72	105,416	12.22	9.90
30 September 2018	3,444,267	13.97	14.88	246,548	14.15	12.20
31 March 2019	4,640,415	13.96	(0.07)	332,341	14.10	11.91

Global Equity Class – Class X Shares	Net asset value USD	Net asset value per share USD	% change in period	Number of shares in issue	Highest Price* USD	Lowest Price* USD
At launch (9 September 2016)	2,274,514	9.77	–	232,764	–	–
30 September 2016	2,154,526	9.89	1.23	217,870	9.93	9.77
30 September 2017	22,118,920	11.94	20.73	1,853,092	11.99	9.45
30 September 2018	102,112,524	13.87	16.16	7,359,790	14.02	11.97
31 March 2019	115,318,357	13.95	0.58	8,266,245	14.09	11.86

*Prior to 30 September 2016 the highest price/lowest price was based on the reported net asset value for shareholder dealing which may be different from the financial statements.

The performance data in this table covers the period from incorporation by way of a continuance in Jersey to date. Performance data for previous periods can be found in the fact sheets issued by the Investment Manager.

Other Information

Total Expense Ratio

The Total Expense Ratio (“TER”) is calculated and disclosed as per the guidelines issued by the Investment Management Association. The ratio expresses the sum of all costs charged on an ongoing basis to the Class Funds taken retrospectively as a percentage of the Class Fund’s average net assets. For clarity, when the Class Fund is investing in other funds, the ongoing cost of these funds is not incorporated in the calculation of the TER.

	31 March 2019	31 March 2018
Global Equity Class – Class A Shares (including performance fees)	1.25%	2.48%
Global Equity Class – Class A Shares (excluding performance fees)	1.25%	1.25%
Global Equity Class – Class B Shares	1.75%	1.75%
Global Equity Class – Class C Shares	1.45%	1.45%
Global Equity Class – Class X Shares	0.25%	0.25%

Please note no Class Fund incurred performance fee’s during the period ended 31 March 2019.

Please refer to the Statement of Comprehensive Income for performance fees incurred during the period ended 31 March 2018.

TER percentages are annualised.

Investment Purchases, Investment Sales and Commissions

	31 March 2019 USD	31 March 2018 USD
Gross purchases in period including transaction costs	22,641,859	71,076,027
Commissions	<u>(41,234)</u>	<u>(169,216)</u>
Net purchases total	<u>22,600,625</u>	<u>70,906,811</u>
Gross sales in period including transaction costs	32,917,939	38,364,008
Commissions	<u>(51,739)</u>	<u>(58,034)</u>
Net sales total	<u>32,866,200</u>	<u>38,305,974</u>

Portfolio Statement

Global Equity Class

As at 31 March 2019

	Nominal holding	Cost USD	Fair Value USD	% of Net Assets
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market				
Common Stock				
Cayman Islands				
Tencent Holdings Ltd	263,249	9,282,057	12,102,797	3.39
France				
LVMH Moet Hennessy Louis Vuitton SE	33,609	7,867,914	12,375,024	3.46
Germany				
Brenntag AG	180,384	10,337,456	9,274,374	2.60
Ireland				
Linde Plc	84,658	12,607,338	14,891,766	4.17
Japan				
Keyence Corp	21,172	11,493,950	13,195,558	3.69
Jersey				
Experian Plc	606,802	12,941,235	16,426,654	4.60
Spain				
Banco Santander SA	2,681,933	16,179,407	12,479,863	3.49
Switzerland				
Partners Group Holding AG	15,746	8,933,699	11,439,197	3.20
United Kingdom				
Prudential Plc	732,434	16,837,189	14,676,257	4.11
Unilever Plc	257,163	14,468,203	14,728,318	4.12
			29,404,575	8.23
United States				
Alphabet Inc – Class A	11,345	10,896,959	13,348,470	3.74
Amazon.com Inc	3,811	3,444,851	6,787,524	1.90
Anthem Inc	47,514	11,615,361	13,637,231	3.82
Johnson & Johnson	106,627	12,695,306	14,905,388	4.17
JPMorgan Chase & Co	65,377	6,800,181	6,620,075	1.85
Mastercard Inc	69,444	8,112,263	16,345,381	4.58
Microsoft Corp	181,841	11,603,767	21,448,146	6.01
NIKE Inc	138,208	10,974,148	11,637,114	3.26
PepsiCo Inc	91,039	9,312,774	11,155,464	3.12
Snap-on Inc	69,985	10,596,875	10,956,502	3.07
Starbucks Corp	216,277	12,482,901	16,076,951	4.50

Portfolio Statement (continued)**Global Equity Class (continued)**

As at 31 March 2019 (continued)

	Nominal holding	Cost USD	Fair Value USD	% of Net Assets
Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market				
Common Stock (continued)				
United States (continued)				
UnitedHealth Group Inc	53,481	8,923,117	13,222,375	3.70
Visa Inc – Class A	100,167	7,919,250	15,643,080	4.38
Wells Fargo & Co	137,459	7,560,053	6,642,706	1.86
Yum! Brands Inc	135,293	8,877,970	13,505,624	3.78
			<u>191,932,031</u>	<u>53.74</u>
Total Common Stock			323,521,839	90.57
Investment Companies				
Ireland				
iShares Core MSCI EM IMI UCITS ETF	519,279	14,987,751	14,641,071	4.10
iShares Core MSCI Japan IMI UCITS ETF USD Acc	305,425	12,315,426	12,275,031	3.44
			<u>26,916,102</u>	<u>7.54</u>
Total Investment Companies			26,916,102	7.54
Total Investments		290,067,401	350,437,941	98.11
Total Transferable Securities Admitted to An Official Stock Exchange Listing or Dealt in on Another Regulated Market			350,437,941	98.11
Net current assets			<u>6,742,798</u>	<u>1.89</u>
Total net assets			<u>357,180,739</u>	<u>100.00</u>