



2015

GLOBAL  
RESOURCE

MASTERS • FUND



# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015



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# CHAIRMAN'S LETTER

FOR THE YEAR ENDED 30 JUNE 2015

## OVERVIEW

Welcome to the Annual Report for Global Resource Masters Fund Limited (**Company**) for the financial year ended 30 June 2015 (**FY15**).

During the year, the Company's net tangible asset (**NTA**) value per share decreased by 5.9% on a pre-tax basis. Despite challenging market conditions in the global commodities market, the Company outperformed the S&P/ASX 200 Resources Index by 10.7% in FY15. Over the longer term, the Company's commitment of capital preservation during the difficult market conditions is clearly apparent, as the Company has maintained capital value for investor, declining by less than 1% over the past five years, while the decrease Australian resources sector has lost nearly a quarter of its value as measured by the S&P/ASX Accumulation 300 Resources Index.

Looking forward, we continue to remain cautious on the commodities market and our focus is on the preservation of capital through a diversified exposure to global commodities as part of a broader, balanced portfolio.

At 30 June 2015, the pre-tax NTA of the company was \$1.55 per share, and the post-tax NTA was \$1.54 per share. This compares to a pre-tax NTA of \$1.65 per share and the post-tax NTA of \$1.60 per share at 30 June 2014.

## COMPANY UPDATE

There were no placements or dividend reinvestment plans conducted during FY15.

The Company's goal is to manage its capital so as to achieve the most efficient capital structure and optimise returns to Shareholders. On 8 September 2014, the Company received Shareholder approval for the on-market buy-back of up to a maximum of 25% of the issued ordinary Shares during the 12 month period from 9 September 2014 to 8 September 2015.

At the Company's Annual General Meeting (**AGM**) on 20 November 2014, the Board proposed to commence a new buy-back program that is aligned with the Company's AGM schedule. Accordingly, Shareholders approved the on-market buy-back of up to a maximum of 25% of the issued ordinary Shares during the 12 month period from 21 November 2014. Aligning the timing of this buy-back program with the Company's Annual General Meeting schedule will also have additional cost and administrative benefits as the Company will not need to convene a separate general meeting if it seeks Shareholder approval to extend the buy-back program for a further 12 months.

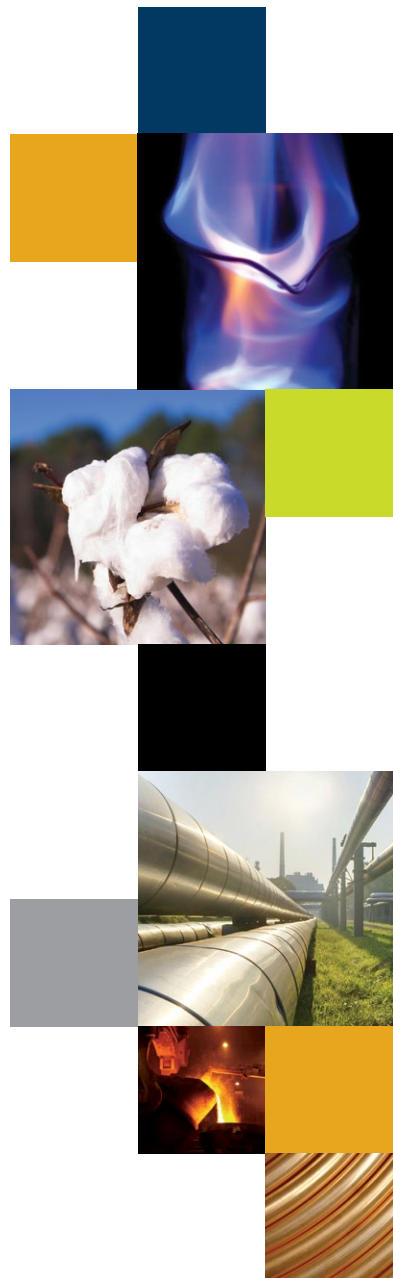
The Company remains committed to improving liquidity via the ongoing buyback program as well as enhancing shareholder returns.

We would like to take this opportunity to thank you for your continued support of the Global Resource Masters Fund Limited.

Yours sincerely,



**Maximilian Walsh**  
**CHAIRMAN**



# MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2015

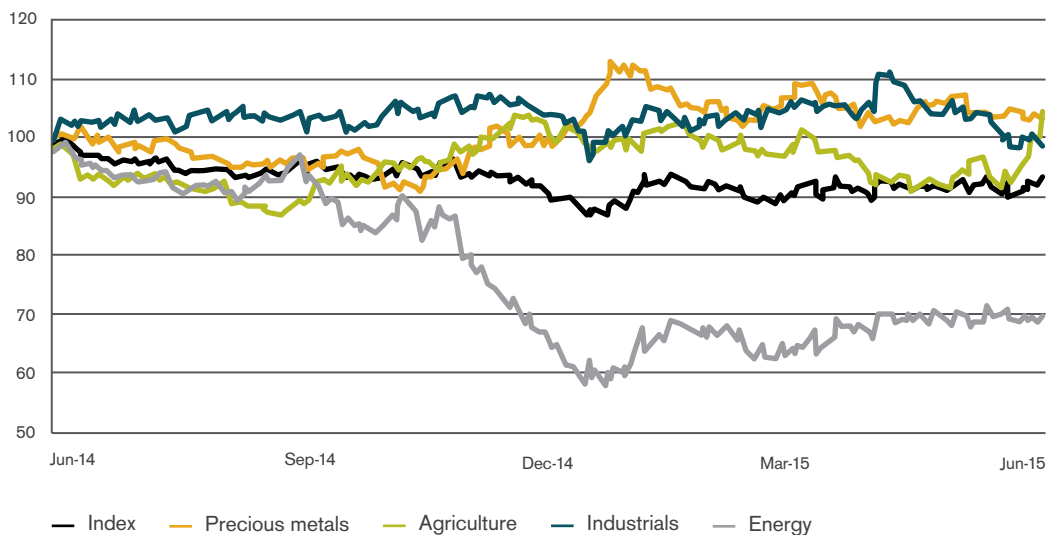
## COMMODITY MARKET REVIEW

FY15 was challenging for commodities, as falling energy prices, slowing growth in China and strengthening of the US dollar (USD) provided headwinds to the sector. The Bloomberg Commodity Index (formerly the Dow Jones UBS Commodity Index) (the **Index**) fell 23.7% in USD.

Due to a weaker Australian dollar (AUD) over the year (down 18.3% against the USD), Australian investors were somewhat sheltered from the decline. In AUD terms, the Index was down 6.7%. By sector, in AUD, Agriculture (+4.5%) and Precious Metals (+2.9%) ended FY15 in the green while Industrial Metals (-1.5%) and Energy (-30.6%) ended FY15 in the red.

The performance over the financial year of the Index and its sub-indices is shown below (assuming reinvestment of dividends with indices rebased to 100 at the beginning of FY15 in AUD terms):

### RETURNS (REBASED TO 100)



The commodities market was influenced by various macroeconomic and geopolitical events that occurred over the course of FY15. The energy space was affected by falling oil prices, as the Organization of the Petroleum Exporting Countries (OPEC) decided in November 2014 to retain market share rather than act as the marginal supplier. This, together with rising production from the US shale oil industry, created an oversupply in the market. US shale oil producers are now forced to act as the marginal supplier. China's slowing growth as it transitions from an infrastructure and property investment phase to consumer-led demand growth had a negative impact on most commodities, particularly industrial metals such as copper and nickel, and bulk commodities such as iron ore and coal. Key geopolitical events in the Middle East, Russian/West antagonism and Russia/Ukraine tensions were expected to force a geopolitical premium on the price of some commodities, but this was not the case.

On the back of falling oil and gas prices, the Energy sub sector was the worst performer for FY15, ending FY15 down 30.6% in AUD terms (43.2% in USD terms). OPEC's commitment to retain market share in the global oil market and increase supply, together with an increase in US production in response to the shale oil boom saw oversupply in oil and gas in the market and led to a significant decline in the oil price in the first half of FY15. WTI Crude Oil fell from US\$105.37 per barrel on 30 June 2014 to US\$53.27 on 31 December 2014. Overall, in FY15 WTI Crude (-43.6%) and Brent Crude (-43.4%) were the worst performing commodities of any sub-sector in FY15, while Natural Gas (-36.5%) and Heating Oil (-36.5%) also finished FY15 in the red (all in USD terms).

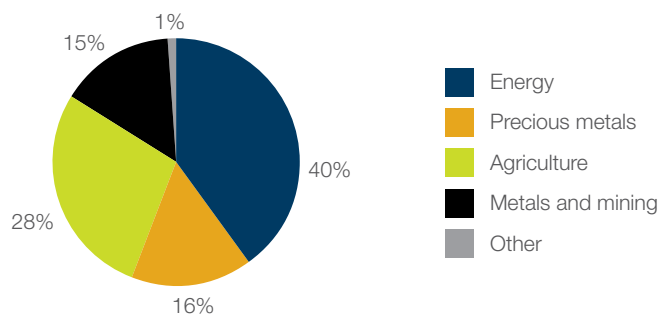
Precious Metals finished FY15 down 15.8% in USD terms, although up 2.9% in AUD terms. This was largely due to Gold, which was down 11.4% (in USD terms). On the back of being considered the 'safe-haven' and 'inflation hedge' investment, Gold was the preferred precious metal commodity amid geopolitical tensions in the first half of FY15; however, it could not escape recent speculation regarding US interest rate increases and a strengthening USD, a theme that has reverberated across most commodities. Gold tends to perform well relative to other commodities in a falling market. The other key precious metal commodities, being Platinum (-27.2%), Silver (-26.0%) and Palladium (-20.2%) also ended FY15 in the red (in USD terms).

Industrial metals was down 1.4% in AUD terms and down 19.4% in USD terms, as its dependency on China's macroeconomic conditions came to the fore. London Metals Exchange (LME) Tin (-38.3%), LME Nickel (-37.1%) and LME Copper (-18.2%) were key underperformers in the sub-sector, while LME Aluminium (-11.3%) and LME Zinc (-10.0%) also performed poorly. The story was similarly bleak for iron ore, as decreasing demand in China adversely affected prices in the first half of 2015. This, together with excess supply from key players BHP Billiton and Rio Tinto in Australia and Vale in Brazil saw the price drop from US\$94.02 per ton to US\$59.35, down 36.9%, during FY15.

Agriculture was the best performing sub-sector in FY15, however, although up 4.5% in AUD terms, it too was down in USD terms (-14.5%). Less-than-favourable weather conditions in California and Brazil saw Wheat (+8.9%) and Cocoa (+4.2%) prices increase in FY15 (in USD terms). Surprisingly, both were not only the best performing agriculture and overall commodities but, from the broader resources universe, were the only two commodities to finish FY15 in the green in USD terms.

## PORTFOLIO POSITIONING

As at 30 June 2015, the aggregate sector allocation of the investment portfolio was:



# MANAGER'S REPORT CONT

## FOR THE YEAR ENDED 30 JUNE 2015

During FY15, the Company invested in Investec Energy Fund and GTP Global Agribusiness, and redeemed out of positions in Schroders AS Commodity Fund and iShares S&P Global Energy.

At 30 June 2015, the Company was approximately 89.5% invested.

The investments held at 30 June 2015 were:

Fund	% Invested	Asset Class	Resources Focus
RS Global Natural Resources Fund	17.6%	Equity	Broad
Martin Currie Global Resources Fund	17.2%	Equity	Broad
Invesco Energy Fund	8.3%	Equity	Energy
Investec Energy Fund	6.3%	Equity	Energy
Market Vectors Agribusiness ETF	14.3%	Equity	Agriculture
GTP Global Agribusiness Fund	7.4%	Equity	Agriculture
ETFS Physical Gold	12.2%	Physical	Precious metals
Credit Suisse Gains Fund	6.1%	Physical	Broad
<b>Total investments</b>	<b>89.5%</b>		
Cash	10.5%		
<b>Total</b>	<b>100.0%</b>		

Source: Walsh & Company Asset Management Pty Limited. Note some figures may not reconcile due to rounding. The historical performance of the Manager is not a guarantee of the future performance of the Portfolio or the Company.

The Company's equity investment portfolio is broadly diversified across the energy, precious metals, agriculture, metals and mining sectors. The top 50 equity exposures of the Company as 30 June 2015 were:

Rank	Name	% Total Portfolio	% Equity Portfolio	Sector
1	Mosaic Co	2.30%	3.30%	Agriculture
2	Turquoise Hill Resources Ltd	1.80%	2.50%	Metals and mining
3	Potash Corp of Saskatchewan	1.50%	2.20%	Agriculture
4	Exxon Mobil Corp	1.50%	2.00%	Integrated oil & gas
5	Noble Energy Inc	1.40%	2.00%	Oil and gas E&P
6	Syngenta AG	1.30%	1.90%	Agriculture
7	Suncor Energy Inc	1.30%	1.80%	Integrated oil & gas

Rank	Name	% Total Portfolio	% Equity Portfolio	Sector
8	Royal Dutch Shell PLC	1.30%	1.80%	Integrated oil & gas
9	Sociedad Quimica y Minerals	1.20%	1.70%	Agriculture
10	EOG Resources Inc	1.20%	1.70%	Oil and gas E&P
11	Total SA	1.10%	1.50%	Integrated oil & gas
12	Range Resources Corp	1.10%	1.50%	Oil and gas E&P
13	Monsanto Co	1.10%	1.50%	Agriculture
14	Anadarko Petroleum Corp	1.00%	1.50%	Oil and gas E&P
15	Cabot Oil & Gas Corp	1.00%	1.50%	Oil and gas E&P
16	Iluka Resources Ltd	1.00%	1.50%	Metals and mining
17	Kinder Morgan Inc	1.00%	1.40%	Utilities
18	First Quantum Minerals	1.00%	1.40%	Metals and mining
19	Chevron Corp	1.00%	1.40%	Integrated oil & gas
20	Agrium Inc	1.00%	1.40%	Agriculture
21	Deere & Co	1.00%	1.40%	Industrial services
22	Concho Resources Inc	1.00%	1.40%	Oil and gas E&P
23	BG Group PLC	1.00%	1.40%	Integrated oil & gas
24	Archer-Daniels-Midland Co	0.90%	1.30%	Agriculture
25	CF Industries Holdings Inc	0.90%	1.30%	Agriculture
26	Zoetis Inc	0.80%	1.10%	Other
27	Peyto Exploration & Develop	0.80%	1.10%	Oil and gas E&P
28	Antero Resources Corporation	0.70%	1.00%	Oil and gas E&P
29	Kubota Corp	0.70%	1.00%	Other
30	Kosmos Energy Ltd	0.70%	1.00%	Integrated oil & gas
31	Bunge Ltd	0.70%	0.90%	Agriculture
32	BHP Billiton Ltd	0.60%	0.90%	Metals and mining
33	Laredo Petroleum Holdings	0.60%	0.90%	Oil and gas E&P
34	Rio Tinto	0.60%	0.90%	Metals and mining



# MANAGER'S REPORT CONT

FOR THE YEAR ENDED 30 JUNE 2015



Rank	Name	% Total Portfolio	% Equity Portfolio	Sector
35	Occidental Petroleum Corp	0.60%	0.90%	Oil and gas E&P
36	SSE PLC	0.60%	0.90%	Integrated oil & gas
37	Tourmaline Oil Corp	0.60%	0.80%	Integrated oil & gas
38	Yara International ASA	0.60%	0.80%	Agriculture
39	Apache Corp	0.60%	0.80%	Oil and gas E&P
40	Valero Energy Corp	0.50%	0.80%	Other
41	Hess Corp	0.50%	0.80%	Integrated oil & gas
42	Tyson Foods Inc	0.50%	0.80%	Agriculture
43	Goldcorp Inc	0.50%	0.70%	Precious metals
44	International Flavors	0.50%	0.70%	Other
45	Phillips 66	0.50%	0.70%	Other
46	PPG Industries Inc	0.50%	0.70%	Metals and mining
47	Canadian Natural Resources	0.50%	0.70%	Oil and gas E&P
48	CNOOC Ltd	0.50%	0.70%	Oil and gas E&P
49	Eastman Chemical Co	0.50%	0.60%	Other
50	Southwestern Energy Co	0.40%	0.60%	Oil and gas E&P
<b>Total</b>		<b>44.9%</b>	<b>63.1%</b>	

Given concerns about the outlook of commodities, the Company has adopted a more defensive allocation and increased its allocation to cash subsequent to year end to approximately 18% from 10.5%. To fund the increased allocation to cash the Company redeemed approximately 2.5% from RS Global Natural Resources Fund, 2.5% from Martin Currie Global Resources Fund, 1% from Invesco Energy Fund and 1% from Investec Energy Fund.

## PERFORMANCE REVIEW

The Company provided a total return to shareholders of -5.9% during the year. Despite the negative return, the Company's focus on preserving capital led to it outperforming the S&P/ASX200 Resources Index (**Index**) by 10.7%. Over the past five years, while the broader Australian resources sector has lost nearly a quarter of its value as measured by the S&P/ASX Accumulation 300 Resources Index, the Company has maintained value for investors, declining by less than 1%, further highlighting the company's focus on capital presentation.

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## MARKET OUTLOOK

Commodity markets will look to broad macroeconomic factors as well as specific demand and supply conditions for direction in the year ahead. Globally, OPEC continues to produce a record amount of oil to maintain market share and stance as a non-swing supplier, while a continued recovery in Libya and Iraq could result in additional supply to the market. China's slowing demand for materials as its economy shifts continues to affect commodity prices, while the biggest question, and therefore potential impact on commodities, is the timing of the Federal Reserve's first official interest rate rise since June 2006.

In the **energy** space, post the period end a historic deal was announced with Iran, whose nuclear sanctions will be lifted gradually. While many are forecasting an increase in oil supply, this is expected to happen over a prolonged period. Iran had a large market share before sanctions were imposed. However, many experts believe their production capacity has deteriorated, and the country will need time to invest in oil field development and build the appropriate infrastructure before any meaningful supply affects the market.

In the US, rig counts continue to decrease while oil production is at its highest levels since 1972, emphasising the greater efficiency in production. Similarly, natural gas reached its highest level of production in 2010 and has since continued to rise. The US intends to export its first shipment of liquefied natural gas (**LNG**) by the end of this year, with a plan to export to Europe and Asia. It is also expected that the US will become the third largest supplier of LNG by 2020. Currently, the US is one of the largest importers of oil and gas, and if they become fully self-sufficient in oil products by 2020 as many analysts forecast, it could have a significant affect on the oil and gas markets globally.

While US monetary policy is being closely followed, the commodity market will also be watching China's growth and its affect on **industrial metals**. China is one of the largest consumers of commodities globally, particularly industrial metals and steelmaking materials. The transition of many Asian economies, particularly China, as they transform from an industrialisation economy to a consumer economy has created headwinds for commodities. However, this transition may also generate opportunities, as the Chinese economy moves from early stage commodities such as iron ore and coal, to later stage commodities such as base metals, precious metals and oil and gas.

In the **precious metals** space, general negative sentiment towards commodities and a decrease in market risk aversion, including Greece's highly publicised potential bailout and Chinese regulators' attempt to stabilise its equity markets, has seen demand for gold weaken. Combine this with a strengthening USD and a potential Federal Reserve rate hike later this year, and the fundamental investment case for the 'safe haven' asset becomes less appealing. Similarly, platinum has also been relatively weak as concerns about China's slowing economy, excess supply and a strengthening USD have echoed throughout the commodity markets.

In the **agriculture** space, an El Nino weather pattern is expected to come to fore and affect many regions. Examples of this include droughts in Australia, heat waves in Brazil, higher rainfalls in other Latin American areas, wind increase in the Mexican gulf, and wetter and cooler conditions in large fruit and vegetable producing areas such as California and Arizona. This will result in commodity price volatility, with the main negative impact being soft commodities such as wheat (Australia), sugar cane (India), coffee (Brazil), rice (Thailand) and dairy (Australia). The impact will be on supply, and as demand increases relative to supply prices will be pushed up in the short-to-medium term.

# CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

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The Company is a listed investment company whose shares are traded on the Australian Securities Exchange (**ASX**). The Company has no employees and its day-to-day functions and investment activities are managed by Walsh & Company Asset Management Pty Limited (**Manager**) in accordance with the Management Agreement. The Manager will be responsible for implementing the Company's strategic objectives and operating within the risk appetite as set out within the Investment Guidelines.

Effective 30 April 2014, the Manager of the Company changed from Dixon Advisory & Superannuation Services Limited (**DASS**) to Walsh & Company Asset Management Pty Limited (**Walsh AM**). Walsh AM is a related entity of DASS, both being wholly owned subsidiaries of Dixon Advisory Group Limited. Walsh AM utilises the same resources of the Dixon Advisory Group Limited as were available to DASS to manage the Company.

The Company's directors, Manager's directors and senior management recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company and will remain under regular review.

A description of the Company's practices in respect of the 8 Principles and Recommendations from the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**) are set out below; all of these practices, unless otherwise stated, were in place for the entire year.

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and, in particular, is responsible for the Company's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- Providing and implementing the Company's strategic direction
- Overseeing the Manager's implementation of the Company's strategic objective and monitoring its performance
- Reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit
- Ensuring the Board is comprised of individuals who will discharge the responsibilities of directors having regard to the law and the best standards of governance
- Reviewing and overseeing internal compliance and legal regulatory compliance
- Ensuring compliance with the Company's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*
- Overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company
- Communicating with and protecting the rights and interests of all Security holders.

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Subject to legal or regulatory requirements and the Company's Constitution, the Board may delegate any of the above powers to individual directors, committees of the Board or the Manager. Any such delegation shall be in compliance with the law and the Company's Constitution.

## **APPOINTMENT OF DIRECTORS**

The Company has adopted a formal process to ensure that appropriate checks are undertaken before appointing a person, or putting forward to security holders a candidate for election as a director. The Company has outsourced part of this function to an external service provider, which specialises in completing background checks, to verify the candidate's experience, education, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company provides security holders with all the relevant material information in its possession to allow security holders to make an informed decision on whether or not to elect or re-elect the candidate. This information will generally include;

- biographical details of the candidate, including their qualifications, experience and skills which may be relevant to the Board of the Company
- details of any current or past directorships held by the candidate.

Each Director of the Company receives a formal appointment letter outlining their terms of employment, responsibilities, conditions and expectations of their engagement.

## **ROLE OF THE COMPANY SECRETARY**

The Company Secretary of the Company is directly accountable to the Board, through the Board Chairperson on all matters to do with the proper functioning of the Board. This includes:

- advising the Board on governance matters
- circulating to the Board all board papers in advance of any proposed meeting
- ensuring that the business at board meetings is accurately captured in the minutes
- facilitating the induction and professional development of directors.

## **DIVERSITY**

The Company currently does not have any employees and therefore has adopted a Diversity Policy which is applicable only at the Board Level. A copy of the policy setting out its objectives and reporting practices can be found on the Company's website.

As required by the policy, at the commencement of each financial year, the Board is required to set measurable objectives to allow it to achieve diversity on the board. The measurable objectives for gender diversity, agreed by the Company's Board of Directors for FY15, are set out below:

- Maintain at least one female director representation on the Board for of financial year 2015

The outcome for the year, as reported by the Board, is set out below:

- During financial year 2015, there was one female and four male directors
- The Board was satisfied it had met its measurable objectives for FY15.

# CORPORATE GOVERNANCE STATEMENT CONT

## FOR THE YEAR ENDED 30 JUNE 2015

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## 2. STRUCTURE THE BOARD TO ADD VALUE

### BOARD COMPOSITION

The Company seeks to maintain a Board of Directors with a broad range of skills. The Company has developed a Skills Matrix below which lists the skills that have been identified as the ideal attributes the Company seeks to achieve across its Board membership:

- Leadership
- Industry Knowledge
- Corporate Governance
- Financial & Accounting
- Funds Management
- Risk Based Auditing & Risk Management
- Capital Raising
- Legal.

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

The Directors of the Company at the date of this report are:

**Mr Maximilian Walsh** – Non-Executive Chairman

**Ms Moira Daw** – Independent Non-Executive Director

**Mr Nirav Desai** – Independent Non-Executive Director

**Mr Jeffrey Whalan** – Independent Non-Executive Director

**Mr Alexander MacLachlan** – Managing Director

The Company's Constitution provides that there must be a minimum of three and a maximum of 10 directors. Having regard to the size of the Company and the nature of its business, the Board has determined that a Board with five members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Company. However, the composition of the Board and its independence will be reviewed periodically.

The majority of the Board is independent with three independent non-executive directors, Jeffrey Whalan, Nirav Desai, and Moira Daw. An independent non-executive director is a non-executive director who is independent of the Manager and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgement.

Maximilian Walsh is the non-executive chairperson and is associated with the Manager. The Board has determined that Maximilian Walsh's experience as a director and chairperson is of benefit to the Company and given the Company's size there are no immediate plans to appoint an independent non-executive chairperson.

The Company is committed to diversity in the composition of the Board. The Directors will continue to monitor the composition of the Board.



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

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

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

## **PERFORMANCE EVALUATION**

The Board conducts a review of its collective performance and the performance of its Directors annually. This process includes consideration of feedback provided by directors via a questionnaire. The Board and individual directors, including the chairperson, were evaluated during the year to 30 June 2015 in accordance with these processes.

## **INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT**

On appointment, the directors are individually briefed by the Fund Manager and the Management team. Directors are entitled to receive appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as directors effectively. The Company's Induction Program is structured to enable a new director to gain an understanding of the Company's Investments, the Company's financial, strategic, operational and risk management position, and their rights, duties and responsibilities.

The Company Secretary is responsible for facilitating the induction and ongoing development of all directors, and where necessary, from time to time, will recommend relevant courses and industry seminars which may assist directors in discharging their duties.

# **3. ACT ETHICALLY AND RESPONSIBLY**

## **CODE OF CONDUCT**

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success, and it expects all its officers and employees to be familiar with, and have a personal commitment to meeting these standards. In this regard, the directors have adopted a Code of Conduct (**Code**) to define basic principles of business conduct. The Code requires officers and employees to abide by the policies of the Company and the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour. The Code covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading.

A copy of the Code is available on the Company website in the corporate governance section within the Corporate Governance Charter.

# CORPORATE GOVERNANCE STATEMENT CONT

## FOR THE YEAR ENDED 30 JUNE 2015

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### SHARE TRADING POLICY

The Board of the Company has established a Share Trading Policy to apply to trading in the Company's shares on the ASX. This policy outlines the permissible dealing of the Company's shares while in possession of price sensitive information and applies to all Directors of the Company.

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

A copy of the Company's Share Trading Policy is available on the Company's website.

In addition, the Manager has also established its own Share Trading Policy, which is applicable to its staff in the Funds Management division. This Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

## 4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### AUDIT & RISK COMMITTEE

The Company has established an Audit & Risk Committee. The members of the Audit & Risk Committee during the year were:

Jeffrey Whalan – Independent Non-Executive Chairman

Nirav Desai – Independent Non-Executive Director

Maira Daw – Independent Non-Executive Director

Particulars of Audit & Risk Committee meetings held during the year ended 30 June 2015 and the attendance of each committee member is set out in the accompanying Directors' Report.

The chairperson of the Audit & Risk Committee is an independent non-executive director and is not the chairperson of the Board. The Committee consists of non-executive directors.

The primary function of the Audit & Risk Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the following areas:

- Application of accounting policies to the Company's financial reports and statements
- Monitoring the integrity of the financial information provided to security holders, regulators and the general public
- Corporate conduct and business ethics, including Auditor independence and ongoing compliance with laws and regulations
- Maintenance of an effective and efficient audit
- Appointment, compensation and oversight of the external Auditor, and ensuring that the external Auditor meets the required standards for Auditor independence
- Assess the adequacy of the Company's process for managing risk
- Regularly monitoring and reviewing corporate governance policies and codes of conduct.

The Audit & Risk Committee meets four times a year. The chairperson of the Audit & Risk Committee will report to the Board at a minimum of two times a year.

The Audit & Risk Committee's Charter is available on the Company website.

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## INVESTMENT COMMITTEE

The Investment Committee of the Company comprises Maximilian Walsh, Alex MacLachlan, and Nirav Desai. Maximilian Walsh, in his capacity as Chairman of the Investment Committee, has a casting vote.

The primary role of the Investment Committee is to:

- Review information, research and analysis compiled by the Manager with respect to the global natural resources sector
- Determine the allocation of the Company's capital in terms of the investment in various funds.

The Investment Committee meets regularly. Particulars of committee meetings held during the year ended 30 June 2015 and the attendance of each committee member is set out in the accompanying Directors' Report.

## 5. MAKING TIMELY AND BALANCED DISCLOSURE

The Company is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001* and the Listing Rules and releasing relevant information to the market and security holders in a timely and direct manner and to promoting investor confidence in the Company and its securities.

The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with its continuous disclosure obligations under the *Corporations Act 2001* and the Listing Rules.

This policy is administered by the Board and the Manager as follows:

- the Board is involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy
- the Company Secretary is responsible for the overall administration of this policy and all communications with the ASX
- Senior management of the Manager is responsible for reporting any material price sensitive information to the Company Secretary and observing the Company's no comments policy.

## 6. RESPECT THE RIGHTS OF SECURITY HOLDERS

### RIGHTS OF SECURITY HOLDERS

The Company promotes effective communication with security holders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that security holders are informed of all major developments affecting the Company's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with security holders via electronic methods. Each security holder is also provided online access to the Registry to allow them to receive communications from, and send communication to, the Company and the Registry. Information is communicated to security holders through announcements to the ASX, releases to the media and dispatch of financial reports. Security holders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Company website at [www.globalresourcemasters.com.au](http://www.globalresourcemasters.com.au).



# CORPORATE GOVERNANCE STATEMENT CONT

## FOR THE YEAR ENDED 30 JUNE 2015

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These include:

- Monthly net tangible asset backing announcements
- Quarterly investment reports
- The half-year report
- The annual report
- The notice of general meetings, explanatory memorandum and the Chairman's address
- Occasional ASX announcements made to comply with the Company's continuous disclosure requirements
- Occasional correspondence sent to Security holders on matters of significance to the Company.

The Board encourages full participation of security holders at the general meetings to ensure a high level of accountability and identification with the Company's strategy. Security holders who are unable to attend the annual general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting. The external auditor is also invited to attend the annual general meeting of security holders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

## 7. RECOGNISE AND MANAGE RISK

### RISK MANAGEMENT

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Company and its operations. The Board has established an Audit & Risk Committee to deal with these matters. The Board liaises with the Manager to identify and manage risk. The Board also monitors and appraises financial performance, including the approval of annual and half year financial reports and liaising with the Company's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Company has adopted a set of Risk Management Guidelines. The Board will annually review the Company's Risk Management Guideline in the Annual Strategy Meeting to satisfy itself that the Risk Management framework continues to be sound. The last review took place on 20 November 2014.

The Company does not have a material exposure to sustainability risks.

The Board receives a letter half-yearly from the Company's external auditor regarding their procedures, and reporting that the financial records have been properly maintained and the financial statements comply with the Accounting Standards.

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

Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

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## 8. REMUNERATE FAIRLY AND RESPONSIBLY

### REMUNERATION POLICIES

Due to the relatively small size of the Company and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the Directors.

In accordance with the Company's Constitution, each director may be remunerated for ordinary services performed as a director. Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval security holders at a general meeting of the Company. Directors will seek approval from time to time as deemed appropriate. The Company does not intend to remunerate its directors through an equity based remuneration scheme.

The maximum total remuneration of the directors has been set at \$300,000 per annum. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be remunerated for the services they perform as directors. Total directors' fees for the year ended 30 June 2015 were \$150,000.

Remuneration of the directors during the year ended 30 June 2015 is set out in the Directors' Report and in the notes to the financial statements.

### OTHER INFORMATION

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company website at [www.globalresourcemasters.com.au](http://www.globalresourcemasters.com.au).

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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Your directors present their report together with the financial report of the Company for the financial year ended 30 June 2015.

## DIRECTORS

The names of the directors in office at any time during, or since the end of the year are:

**Mr Maximilian Walsh** – Non-Executive Chairman

**Ms Moira Daw** – Independent Non-Executive Director

**Mr Nirav Desai** – Independent Non-Executive Director

**Mr Jeffrey Whalan** – Independent Non-Executive Director

**Mr Alexander MacLachlan** – Managing Director

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

## COMPANY SECRETARY

The name of the Company Secretary in office at the date of this report is Ms Hannah Chan.

## PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Company during the financial year were to provide Australian investors the opportunity to gain access to leading global fund products and managers specialising in the natural resources sector.

There were no significant changes in the nature of these activities of the Company that occurred during the year.

## RESULTS AND REVIEW OF OPERATIONS

The total comprehensive loss of the Company for the financial year was \$2,687,963 (2014: income of \$5,595,407). The profit of the Company for the financial year after providing for income tax amounted to \$938,907 (2014: loss of \$126,048). The Company is in a strong position with net assets of \$73 million and no borrowings.

As at 30 June 2015, the Net Asset Value (**NAV**) of the Company was \$1.54 per ordinary share after unrealised losses and adjustment for tax. This compares to the NAV of \$1.60 per ordinary share after unrealised losses and adjustment for tax as at 30 June 2014.

As at 30 June 2015, the Company had either invested or had commitments to invest 89.5% of its total funds (excluding cash retained for working capital as well as non cash assets).

Further details are included in the Chairman's Letter and Manager's Report which forms part of this report.

## DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or announced during the financial year.

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## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, a total of 3,497,930 shares worth \$5,429,730 were bought back by the Company from shareholders. No other significant changes in the state of affairs of the Company occurred during the financial year ended 30 June 2015.

## AFTER BALANCE DATE EVENTS

Between the end of the financial year and the date of this report, the Company bought back a further 203,682 ordinary shares for a total consideration of \$302,139.47.

There has not been any other items, transactions or events of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company will continue to undertake its activities described in this report. The Chairman's Letter and Manager's Report, which form part of this financial report, include further details including the Manager's review on the outlook for Commodity Markets.

## ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## OPTIONS

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## INDEMNIFYING OFFICERS OR AUDITOR

Indemnities have been given and insurance premiums paid, during or since the end of the financial year, for all of the directors of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

# DIRECTORS' REPORT CONT

FOR THE YEAR ENDED 30 JUNE 2015

## INFORMATION ON DIRECTORS



### MAXIMILIAN WALSH AM, BEc

#### Non-Executive Chairman of Directors and Chairman of the Investment Committee

Maximilian is regarded as one of Australia's leading economics and business journalists. He has specialised in the areas of business, economics and politics in a journalistic career spanning many decades. He has been editor and managing editor of *The Australian Financial Review* and Editor-in-Chief of *The Bulletin*. He has also served on the board of Northern Star TV (predecessor to Channel Ten).

Max serves as Chairman of the Australian Masters Corporate Bond Fund Series, Australian Masters Yield Fund Series 1 to 3 Limited and Non-Executive Chairman of Asian Masters Fund Limited. Max also serves as a Non-Executive Director of Australian Governance Masters Index Fund Limited.

- Appointed as director and Non-Executive Chairman on 20 November 2008
- Directly holds 1 and beneficially holds 127,123 fully paid ordinary shares in the capital of the Company
- During the past three years, he has acted and is currently a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:
  - Asian Masters Fund Limited (since 2007)
  - Australian Governance Masters Index Fund Limited (since 2009)
  - Australian Masters Corporate Bond Fund No 4 Limited (since 2008, delisted 14 January 2013)
  - Australian Masters Corporate Bond Fund No 5 Limited (since 2009)
  - Australian Masters Yield Fund No 1 Limited (since 2010)
  - Australian Masters Yield Fund No 2 Limited (since 2010)
  - Australian Masters Yield Fund No 3 Limited (since 2011)
  - US Masters Residential Property Fund (since 2008 until 22 June 2015)
  - US Select Private Opportunities Fund (since 2008 until 23 April 2014).



### MOIRA DAW

#### Independent Director and Member of Audit Committee

Moira works as an equities analyst with a UK based independent research house, Edison Research. Her career has included periods in professional accounting, academia, investment banking, corporate finance and more recently financial markets and research with periods spent working in London and Hong Kong.

Moira has more than 20 years experience in the financial markets, primarily in corporate finance with PwC and in research with Credit Suisse and AME Mineral Economics. At PwC, Moira was a Senior Manager in corporate finance specialising in infrastructure, tourism and leisure.

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During the seven years she spent at PwC, Moira established the financial modelling group which is now recognised as one of the pre-eminent groups in the field. Following her time at PwC, Moira spent 11 years at Credit Suisse as an Executive Director in equities research and was a top 3 ranked analyst in both the tourism and leisure sector and the small cap sector. Moira also worked with AME Mineral Economics where she was Head of Research and in this role presented papers on base metals and coal at international conferences held in Brussels, Bali, Hong Kong and Seoul.

Moira has had extensive experience as a Chartered Accountant working for the big 4 accounting firms in Adelaide, London, Hong Kong and Sydney. She has also spent time as an academic at Australian National University, Canberra and as a Development Executive with Australian Industry Development Corporation.

- Appointed as Independent Non-Executive Director on 8 June 2010
- Holds no shares in the capital of the Company
- During the past three years has not acted as director of any other Australian listed public company.



**NIRAV GAUTAM DESAI** BA (UNIVERSITY OF MICHIGAN), MBA (WHARTON)

**Independent Director, Member of Investment Committee and Member of Audit Committee**

Nirav is currently the Managing Director of Sparta Group LLC, an ultra high net worth private family investment office based outside of Boston, Massachusetts (USA). He is responsible for managing a global investment portfolio across asset classes including hedge funds, private equity, direct investments, real assets, and public securities. Prior to Sparta Group LLC, Nirav was a principal investor at a US-based private equity fund focused on middle-market transactions, homeland security and clean technologies. In addition, he has experience as an investment banker and naval intelligence officer. Nirav has a BA from the University of Michigan, Ann Arbor and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

- Appointed as Independent Non-Executive Director on 4 December 2008
- Holds no shares in the capital of the Company
- During the past three years has not acted as director of any other Australian listed public company.

# DIRECTORS' REPORT CONT

FOR THE YEAR ENDED 30 JUNE 2015

## INFORMATION ON DIRECTORS CONT



**ALEXANDER MACLACHLAN** BA (CORNELL), MBA (WHARTON)

**Managing Director and Member of Investment Committee**

Alex MacLachlan is currently Chairman of the responsible entity for Emerging Markets Masters Fund, Australian Property Opportunities Fund, Australian Property Opportunities Fund II, US Select Private Opportunities Fund and US Select Private Opportunities Fund II. Alex also serves as a director of the Asian Masters Fund Limited, Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series and of the Responsible Entity for US Masters Residential Property Fund.

Alex joined Dixon Advisory in 2008 to lead the Funds Management division. Before joining Dixon Advisory, Alex was an investment banker specialising in the natural resources sector, most recently serving as Head of Energy, Australasia, for UBS AG in Sydney and prior to that as an investment banker at Credit Suisse First Boston. During his career as an investment banker, Alex advised many of Australia's and the world's leading natural resources companies, working with over 30 companies on more than \$100 billion in announced mergers and acquisitions and capital markets transactions.

Before specialising in natural resources investment banking, Alex worked in the Japanese Government Bond derivatives markets in London, New York and Sydney.

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

- Appointed as Managing Director on 20 November 2008
- Beneficially holds 19,312 fully paid ordinary shares in the capital of the Company
- During the past three years, he has acted and is currently a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:
  - Asian Masters Fund Limited (since 2009)
  - Australian Masters Corporate Bond Fund No 4 Limited (since 2009, delisted 14 January 2013)
  - Australian Masters Corporate Bond Fund No 5 Limited (since 2009)
  - Australian Masters Yield Fund No 1 Limited (since 2010)
  - Australian Masters Yield Fund No 2 Limited (since 2010)
  - Australian Masters Yield Fund No 3 Limited (since 2011)
  - Australian Masters Yield Fund No 4 Limited (since 2011)
  - Australian Masters Yield Fund No 5 Limited (since 2012)
  - Emerging Markets Masters Fund (since 2012)
  - US Masters Residential Property Fund (since 2011)
  - US Select Private Opportunities Fund (since 2011)
  - US Select Private Opportunities Fund II (since 2012).



## JEFFREY WHALAN AO, BA

### Independent Director and Chairman of Audit Committee

Jeffrey is Managing Director of the Jeff Whalan Learning Group, a specialist human resources company. Jeffrey is also Chairman of Australian Governance Masters Index Fund Limited. He was a senior executive officer in the Australian Public Service from 1990 to 2008.

Jeffrey was appointed an Officer in the Order of Australia in 2008 for his work as chief executive officer of Centrelink. Among other things, the award recognised his achievements in 'the development of corporate accountability processes'.

Jeffrey is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

Jeffrey has been the chief executive officer of Centrelink, the largest agency of the Australian Public Service, responsible for \$70 billion of government outlays and 27,000 staff. Prior to this he was chief executive officer of Medicare Australia. Jeffrey has held Deputy Secretary positions in the Departments of Prime Minister and Cabinet, Defence and the then Department of Family and Community Services. He has also held senior executive positions in the Department of Transport and the Department of Health.

- Appointed as Independent Non-Executive Director on 20 November 2008
- Beneficially holds 121,179 fully paid ordinary shares in the capital of the Company
- During the past three years has acted as non-executive director of the following Australian listed public company:
  - Australian Governance Masters Index Fund Limited (since 2009).

## INFORMATION ON COMPANY SECRETARY

### HANNAH CHAN BCOM, MCOM, CA

#### Company Secretary

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia. Prior to joining Dixon Advisory, Hannah gained extensive audit experience whilst working with Deloitte Touche Tohmatsu and Ernst & Young. She is also company secretary of Australian Masters Corporate Bond Fund Series, Australian Masters Yield Fund Series, Asian Masters Fund Limited, Australian Governance Masters Index Fund Limited and joint company secretary of Walsh & Company Investments Limited.

- Appointed as Company Secretary on 10 October 2009.



# DIRECTORS' REPORT CONT

## FOR THE YEAR ENDED 30 JUNE 2015

### DIRECTORS' MEETINGS

Attendance of individual directors at board meetings held during the year ended 30 June 2015 was as follows:

	No. of Meetings Attended	No. of Meetings Eligible
Maximilian Walsh	7	7
Moira Daw	6	7
Nirav Desai	7	7
Alexander MacLachlan	6	7
Jeffrey Whalan	7	7

In addition, meetings of the Investment Committee were attended by directors as follows:

	No. of Meetings Attended	No. of Meetings Eligible
Maximilian Walsh	7	7
Nirav Desai	7	7
Alexander MacLachlan	6	7

Meetings of the Audit Committee were attended by directors as follows:

	No. of Meetings Attended	No. of Meetings Eligible
Jeffrey Whalan	4	4
Nirav Desai	3	4
Moira Daw	4	4

### REMUNERATION REPORT

#### A) REMUNERATION POLICY

Under the Company's Constitution, each director may be remunerated for ordinary services performed as a director. Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from the Company in a general meeting. Directors will seek approval from time to time as deemed appropriate.

The maximum total remuneration of the directors has been set at \$300,000 per annum, to be divided among them in such proportions as they agree. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be remunerated for the services they performed as directors from 1 July 2009. Mr Maximilian Walsh and Mr Alexander MacLachlan are also Directors of the Manager.

The three independent directors, Moira Daw, Nirav Desai and Jeffrey Whalan, each received \$50,000 in the year ended 30 June 2015.

These fees exclude any additional fee for any service based agreement which may be agreed upon from time to time, and also excludes reimbursement of out of pocket expenses. These fees are inclusive of statutory superannuation benefits.

## B) KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel include the directors who have authority and responsibility for planning, directing and controlling the activities of the Company. No other executive personnel are employed or remunerated by the Company.

Details of remuneration paid during the year to key management personnel are set out in the table below.

### 2015

Directors	Salary, Fees and Commission	Superannuation Contributions	Cash Bonus	Non-Cash Benefits	Other	Total
	\$	\$	\$	\$	\$	\$
Maximilian Walsh	-	-	-	-	-	-
Moira Daw	15,000	35,000	-	-	-	50,000
Nirav Desai	50,000	-	-	-	-	50,000
Alexander MacLachlan	-	-	-	-	-	-
Jeffrey Whalan	45,662	4,338	-	-	-	50,000
<b>Total</b>	<b>110,662</b>	<b>39,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>

### 2014

Directors	Salary, Fees and Commission	Superannuation Contributions	Cash Bonus	Non-Cash Benefits	Other	Total
	\$	\$	\$	\$	\$	\$
Maximilian Walsh	-	-	-	-	-	-
Moira Daw	15,000	35,000	-	-	-	50,000
Nirav Desai	50,000	-	-	-	-	50,000
Alexander MacLachlan	-	-	-	-	-	-
Jeffrey Whalan	45,767	4,233	-	-	-	50,000
<b>Total</b>	<b>110,767</b>	<b>39,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>

# DIRECTORS' REPORT CONT

FOR THE YEAR ENDED 30 JUNE 2015

## REMUNERATION REPORT CONT

### C) SERVICE AGREEMENTS

The Company does not presently have formal service agreements or employment contracts with any key management personnel.

### D) DIRECTORS' PROTECTION DEEDS

The Company has agreed to provide access to board papers and minutes to current and former directors of the Company while they are directors and for a period of seven years after they cease to be directors.

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each officer in respect of certain liabilities, which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each director, a directors' and officers' policy of insurance for the period that he or she is a director and for a period of seven years after the officer ceases to be a director.

### E) BENEFICIAL AND RELEVANT INTEREST OF DIRECTORS IN SHARES

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

Director	No. of shares
Maximilian Walsh	127,124
Moirá Daw	-
Nirav Desai	-
Alexander MacLachlan	19,312
Jeffrey Whalan	121,179

### F) RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

#### Walsh & Company Asset Management Pty Limited

Mr Maximilian Walsh and Mr Alexander MacLachlan are Directors of the Company and Directors of the Manager.

#### i) Management fees

The Manager is entitled to receive a management fee of 0.08334% (excluding GST) of the pre tax value of the Portfolio at the close of the first Business Day of each month (equating to an annualised management fee of 1%, excluding GST).

The management fees paid or payable for the year ended 30 June 2015 was \$824,812 (2014: \$922,584), inclusive of GST. The management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2015 was \$67,856 (2014: \$73,747), inclusive of GST.

## ii) Brokerage

Dixon Advisory & Superannuation Services Limited, as broker acting on behalf of the Company, receives brokerage of 0.25% on all transactions undertaken as part of the Company's buyback program. During the year, total brokerage paid or payable was \$14,932 (2014: \$26,624), inclusive of GST.

## NON-AUDIT SERVICES

During the year, Deloitte Touche Tohmatsu, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company.

The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The fees paid or payable to Deloitte Touche Tohmatsu and its related parties for tax advisory services during the year ended 30 June 2015 were:

	\$
Tax advisory	-
	-

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration for the period ended 30 June 2015 as required under Section 307C of the *Corporations Act 2001* is set out on page 18.

Made in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.



**Mr Maximilian Walsh**  
**CHAIRMAN**

Dated this 19th day of August 2015

# AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2015



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
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[www.deloitte.com.au](http://www.deloitte.com.au)

The Board of Directors  
Global Resource Masters Fund Limited  
Level 15  
100 Pacific Highway  
NORTH SYDNEY NSW 2060

19 August 2015

Dear Board Members

## **Global Resource Masters Fund Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Global Resource Masters Fund Limited.

As lead audit partner for the audit of the financial statements of Global Resource Masters Fund Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A stylized, handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A stylized, handwritten signature in black ink that reads "Michael Kaplan".

Michael Kaplan  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Revenue	2	1,791,563	1,381,627
Net foreign currency exchange gain/(loss)		976,357	(54,906)
Auditor's remuneration	3	(39,648)	(59,360)
Directors' fees		(150,000)	(150,000)
Software subscriptions		(58,603)	(92,066)
Legal and tax advisory costs		(45,314)	(47,254)
Listing and registry fees		(68,291)	(70,480)
Management fees	17	(882,507)	(979,536)
Due diligence expenses		(59,760)	(32,172)
Other expenses		(90,080)	(75,921)
<b>Profit/(loss) before income tax</b>		<b>1,373,717</b>	<b>(180,068)</b>
Income tax (expense)/benefit	4	(434,810)	54,020
<b>Profit/(loss) for the year</b>		<b>938,907</b>	<b>(126,048)</b>
<b>Other comprehensive (loss)/income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
(Loss)/gain on revaluation of investments		(5,181,242)	8,173,506
Tax attributable to the above		1,554,372	(2,452,051)
<b>Total other comprehensive (loss)/income for the year, net of tax</b>		<b>(3,626,870)</b>	<b>5,721,455</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(2,687,963)</b>	<b>5,595,407</b>
<b>Basic gain/(loss) per share</b>	<b>12</b>	<b>1.923 cents</b>	<b>(0.231) cents</b>
<b>Diluted gain/(loss) per share</b>	<b>12</b>	<b>1.923 cents</b>	<b>(0.231) cents</b>

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

# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents	5	7,544,480	1,299,925
Other receivables	6	17,775	178,125
Prepayments		28,767	41,090
<b>Total Current Assets</b>		<b>7,591,022</b>	<b>1,519,140</b>
<i>Non-current</i>			
Financial assets	7	63,983,320	79,110,535
Deferred tax assets	8	1,632,839	508,495
<b>Total Non-current Assets</b>		<b>65,616,159</b>	<b>79,619,030</b>
<b>Total Assets</b>		<b>73,207,181</b>	<b>81,138,170</b>
<b>Liabilities</b>			
<i>Current</i>			
Trade and other payables	9	376,162	180,328
<b>Total Current Liabilities</b>		<b>376,162</b>	<b>180,328</b>
<b>Net Assets</b>		<b>72,831,019</b>	<b>80,957,842</b>
<b>Equity</b>			
Issued capital	10	76,008,793	81,447,653
Reserves	11	368,995	3,995,865
Accumulated losses		(3,546,769)	(4,485,676)
<b>Total Equity</b>		<b>72,831,019</b>	<b>80,957,842</b>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Issued capital	Asset revaluation reserve	Capital profits reserve	Accumulated losses	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>		<b>91,146,322</b>	<b>914,707</b>	<b>(2,640,297)</b>	<b>(4,359,628)</b>	<b>85,061,104</b>
Loss for the year		-	-	-	(126,048)	(126,048)
<i>Other comprehensive income</i>						
Net change in fair value of investments, net of tax		-	5,721,455	-	-	5,721,455
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>5,721,455</b>	<b>-</b>	<b>(126,048)</b>	<b>5,595,407</b>
Transfer to Capital Profits Reserve of cumulative realised loss on disposal of investments, net of tax		-	49,916	(49,916)	-	-
Share buybacks	10	(9,681,302)	-	-	-	(9,681,302)
Buyback costs (net of tax)	10	(17,367)	-	-	-	(17,367)
<b>Balance at 30 June 2014</b>		<b>81,447,653</b>	<b>6,686,078</b>	<b>(2,690,213)</b>	<b>(4,485,676)</b>	<b>80,957,842</b>
<b>Balance at 1 July 2014</b>		<b>81,447,653</b>	<b>6,686,078</b>	<b>(2,690,213)</b>	<b>(4,485,676)</b>	<b>80,957,842</b>
Profit for the year		-	-	-	938,907	938,907
<i>Other comprehensive income</i>						
Net change in fair value of investments, net of tax		-	(3,626,870)	-	-	(3,626,870)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(3,626,870)</b>	<b>-</b>	<b>938,907</b>	<b>(2,687,963)</b>
Transfer to Capital Profits Reserve of cumulative realised gain on disposal of investments, net of tax		-	(1,972,649)	1,972,649	-	-
Share buybacks	10	(5,429,730)	-	-	-	(5,429,730)
Buyback costs (net of tax)	10	(9,130)	-	-	-	(9,130)
<b>Balance at 30 June 2015</b>		<b>76,008,793</b>	<b>1,086,559</b>	<b>(717,564)</b>	<b>(3,546,769)</b>	<b>72,831,019</b>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers		(1,271,687)	(1,723,972)
Dividends received		1,440,143	1,083,513
Interest received		32,311	42,377
Other income received		1,909	2,386
Net tax received		78,112	90,172
Net cash flows provided by /(used in) operating activities	14 (b)	280,788	(505,524)
<b>Cash flows from investing activities</b>			
Payments for purchase of investments		(10,623,802)	-
Proceeds from sale of investments		21,229,909	11,155,735
Net cash flows provided by investing activities		10,606,107	11,155,735
<b>Cash flows from financing activities</b>			
Payments for share buyback		(5,407,307)	(9,643,731)
Payments of buyback costs		(13,911)	(24,809)
Net cash flows (used in) financing activities		(5,421,218)	(9,668,540)
<b>Net increase in cash and cash equivalents</b>		<b>5,465,677</b>	<b>981,671</b>
Effects of exchange rate changes on cash and cash equivalents		778,878	19,513
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,299,925</b>	<b>298,741</b>
<b>Cash and cash equivalents at end of the year</b>	<b>14 (a)</b>	<b>7,544,480</b>	<b>1,299,925</b>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

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The financial report covers the Company as an individual entity. The Company, which is limited by shares that trade publicly on the ASX, is incorporated and domiciled in Australia.

The financial report has been approved for issue in accordance with a resolution of the directors on 19 August 2015.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The comparative period of this report is from 1 July 2013 to 30 June 2014.

### APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

#### **AMENDMENTS TO AASBS AND THE NEW INTERPRETATION THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR**

In the current year, the Company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2012 – 2012 and 2011 – 2013 Cycles)
- Interpretation 21 'Levies'
- AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)

The adoption of the above standards had no material impact on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS CONT

## FOR THE YEAR ENDED 30 JUNE 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

#### APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS CONT

##### STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined, but is not expected to be material.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

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## A) INCOME TAX

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off of current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

## B) FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

In 2010, the Company early adopted AASB 9 'Financial Instruments', which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. The revised standard was adopted from that date. The Company has not early adopted subsequent amendments to AASB 9 issued in 2010 and 2013.

### i) Financial assets

#### Initial recognition and measurement

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS CONT

## FOR THE YEAR ENDED 30 JUNE 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

#### Subsequent measurement

The Company has irrevocably elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments.

Gains or losses on all other financial assets at fair value are recognised in profit or loss.

#### ii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the Asset Revaluation Reserve to the Capital Profits Reserve.

#### iii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified as derivative and non-derivative instruments, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

##### Subsequent measurement

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

#### iv) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on the bid price for all quoted investments in an active market.

Fair value is determined as the redemption value for investments. When the redemption price is not available, alternative techniques are applied to determine the fair value of these investments, including recent arm's length transactions, reference to similar instruments and option pricing models.

### C) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

#### Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

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## Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined, being year end date.

Exchange differences arising on the translation of monetary items are recognised in profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

## D) CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

## E) REVENUE

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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

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

All revenue is stated net of the amount of goods and services tax (**GST**).

## F) GOODS AND SERVICES TAX (GST)

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

In most cases, the Company qualifies for Reduced Input Tax Credits (**RITCs**) at a rate of 75%; hence listing fees, registry fees and other expenses have been recognised in profit and loss net of the amount of GST recoverable from the Australian Taxation Office.

The net amount of GST recoverable from the Australian Taxation Office is included in Other Receivables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# NOTES TO THE FINANCIAL STATEMENTS CONT

## FOR THE YEAR ENDED 30 JUNE 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

#### G) OTHER RECEIVABLES

Other Receivables are recorded at amounts due less any allowance for impairment.

#### H) TRADE AND OTHER PAYABLES

Trade Payables and Other Payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

#### I) PROVISIONS

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### J) IMPAIRMENT

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### K) EARNINGS PER SHARE

Basic earnings per share is determined by dividing the profit/(loss) after income tax, excluding any cost of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is the same because there are no dilutive potential ordinary shares.

#### L) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company.

#### M) KEY ESTIMATES AND JUDGEMENTS

##### Fair value of investments

Fair value of investments in equity instruments are determined based on year end published redemption prices of the investments on the basis that the prices reflect the fair value at which the investments could be sold at balance date.

### Recoverability of deferred tax asset

A deferred tax asset has been recognised for the future tax benefit associated with realised losses and unrealised losses on revaluation of investments to their recorded fair values, on the basis of the assessed probability that future taxable gains will be realised against which the benefit of the deferred tax asset can be realised. If these gains do not eventuate then this will lead to impairment of the deferred tax asset.

## 2. REVENUE

	2015	2014
	\$	\$
<b>Operating activities</b>		
Dividend revenue	1,368,145	1,260,489
Interest revenue	26,704	32,291
Other income	396,714	88,847
<b>Total revenue</b>	<b>1,791,563</b>	<b>1,381,627</b>
<b>Dividend revenue from:</b>		
Investment funds	1,368,145	1,260,489
<b>Total dividend revenue</b>	<b>1,368,145</b>	<b>1,260,489</b>
<b>Interest revenue from:</b>		
Cash at bank	26,704	32,291
<b>Total interest revenue</b>	<b>26,704</b>	<b>32,291</b>

## 3. AUDITOR'S REMUNERATION

	2015	2014
	\$	\$
Audit and review of the financial statements	39,648	41,436
Tax advisory services performed by related company of the auditor	-	17,924
	<b>39,648</b>	<b>59,360</b>

The auditor of the Company is Deloitte Touche Tohmatsu.



# NOTES TO THE FINANCIAL STATEMENTS CONT

FOR THE YEAR ENDED 30 JUNE 2015

## 4. INCOME TAX (EXPENSE)/BENEFIT

	2015	2014
	\$	\$
<b>a) The components of tax (expense)/benefit comprise:</b>		
Deferred tax	(434,810)	54,020
	<b>(434,810)</b>	<b>54,020</b>
<b>b) Prima facie tax (expense)/benefit on profit/(loss) from ordinary activities before income tax at 30% (2014: 30%)</b>	(412,115)	54,020
Add/(less) tax effect of:		
(Over)/under provision – FY2014	(22,673)	-
Other	(22)	-
	<b>(434,810)</b>	<b>54,020</b>
<b>c) Income tax recognised in other comprehensive income</b>		
Deferred tax		
Fair value movement of equity investments	(1,554,372)	2,452,051
	<b>(1,554,372)</b>	<b>2,452,051</b>

## 5. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
<b>Current</b>		
Cash at bank	7,544,480	1,299,925
	<b>7,544,480</b>	<b>1,299,925</b>

The effective interest rate on short term bank deposits was 0.08% (2014: 2.69%).

## 6. OTHER RECEIVABLES

	2015	2014
	\$	\$
<b>Current</b>		
GST refundable	16,575	22,396
Interest receivable	1,001	6,608
Other receivables	199	149,121
	<b>17,775</b>	<b>178,125</b>

There are no balances above that contain assets that are impaired and/or past due. All the receivables above are unsecured and non-interest bearing.

## 7. FINANCIAL ASSETS

	2015	2014
	\$	\$
<b>Non Current Equity Investments – at fair value</b>		
Schroders Alternative Strategies Commodity Fund	-	4,922,502
Martin Currie Global Resources Funds	12,309,109	12,353,230
Market Vectors Agribusiness ETF	10,203,816	14,052,305
iShares S & P Global Energy	-	11,320,905
RS Global Natural Resources Fund	12,601,202	16,416,366
Invesco Energy Fund	5,955,977	7,242,645
ETFS Physical Gold	8,747,086	8,014,037
Credit Suisse Gains Fund	4,339,104	4,788,545
Investec Global Energy Fund	4,508,483	-
Ironbark GTP Global Equity Agribusiness Fund	5,318,543	-
<b>Investments at fair value</b>	<b>63,983,320</b>	<b>79,110,535</b>

# NOTES TO THE FINANCIAL STATEMENTS CONT

FOR THE YEAR ENDED 30 JUNE 2015

## 7. FINANCIAL ASSETS CONT

	2015 \$	2014 \$
<b>Reconciliation of Financial Assets</b>		
Carrying amount at the beginning of the year	79,110,535	79,712,062
Additions – cost	11,132,500	407,700
Revaluation to fair value	(5,181,242)	8,173,506
Disposals	(21,078,473)	(9,182,733)
	<b>63,983,320</b>	<b>79,110,535</b>

2015 Investments disposed of during the year	Fair value at disposal dates	Realised loss on disposal transferred to Capital Profits Reserve
	\$	\$
Equity investments	21,078,473	(1,972,649)

## 8. DEFERRED TAX ASSETS/(LIABILITIES)

	2015 \$	2014 \$
<b>Non-current</b>		
Deferred tax assets/(liabilities) comprise:		
Unrealised fair value adjustments	(465,668)	(2,865,462)
Deemed foreign investment fund income	63,441	76,288
Deferred distribution	(166,033)	(166,033)
Provisions	7,350	7,140
Transaction costs on equity issue	56,911	141,940
Capital losses	391,447	1,696,336
Revenue losses	1,985,208	1,626,122
Interest receivable	(300)	(1,982)
Unrealised foreign exchange gains	(239,517)	(5,854)
	<b>1,632,839</b>	<b>508,495</b>

	2015 \$	2014 \$
<b>Movements:</b>		
Balance at 1 July	508,495	2,899,084
(Credited)/charged to the profit and loss	(434,810)	54,020
Credited/(charged) to equity	1,559,154	(2,444,609)
	<b>1,632,839</b>	<b>508,495</b>

## 9. TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
<b>Current</b>		
Trade payables	131,641	78,082
Other payables	171,197	51,344
Unsettled trades	73,324	50,902
	<b>376,162</b>	<b>180,328</b>

Trade and other payables above are unsecured, non-interest bearing and payable on 30 day terms.

## 10. ISSUED CAPITAL

	2015 \$	2014 \$
47,217,359 (2014: 50,715,289) fully paid ordinary shares	<b>76,008,793</b>	<b>81,447,653</b>
<b>a) Issued Shares</b>		
Balance at beginning of the year	81,447,653	91,146,322
Share buybacks	(5,429,730)	(9,681,302)
Buyback costs	(13,911)	(24,808)
Tax effect on buyback costs	4,781	7,441
<b>Balance at end of the year</b>	<b>76,008,793</b>	<b>81,447,653</b>

# NOTES TO THE FINANCIAL STATEMENTS CONT

## FOR THE YEAR ENDED 30 JUNE 2015

### 10. ISSUED CAPITAL CONT

		2015 No.	2014 No.
<b>b) Movement in Ordinary Shares</b>			
<b>Date</b>	<b>Details</b>		
1 July	Opening balance	50,715,289	56,717,107
	Ordinary share buybacks	(3,497,930)	(6,001,818)
<b>30 June</b>	<b>Closing balance</b>	<b>47,217,359</b>	<b>50,715,289</b>

Holders of ordinary shares participate in dividends and the proceeds on a winding up of the Company in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

### CAPITAL MANAGEMENT

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's capital may fluctuate with prevailing market movements and it may undertake a buyback of its shares.

The Company's capital consists of shareholders' equity plus financial liabilities. The movement in equity is shown in the Statement of Changes in Equity. At 30 June 2015, financial liabilities were \$376,162 (2014: \$180,328). There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

There were no placements or dividend reinvestment plans conducted during FY15.

At the Company's Annual General Meeting (**AGM**) on 20 November 2014, the Board proposed to commence a new buy-back program that is aligned with the Company's AGM schedule. Accordingly, Shareholders approved the on-market buy-back of up to a maximum of 25% of the issued ordinary Shares during the 12 month period from 21 November 2014. Aligning the timing of this buy-back program with the Company's Annual General Meeting schedule will also have additional cost and administrative benefits as the Company will not need to convene a separate general meeting if it seeks Shareholder approval to extend the buy-back program for a further 12 months.

## 11. RESERVES

### NATURE AND PURPOSE OF RESERVES

#### ASSET REVALUATION RESERVE

Increments and decrements on the revaluation of long term investments after provision for deferred tax are recorded in the asset revaluation reserve. When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the Asset Revaluation Reserve to Capital Profits Reserve.

#### CAPITAL PROFITS RESERVE

The Capital Profits Reserve records realised gains and losses (after tax) from the sale of investments which are transferred from Asset Revaluation Reserve when an investment is sold or de-recognised.

	2015 \$	2014 \$
<b>Asset Revaluation Reserve</b>		
Balance at the beginning of the year	6,686,078	914,707
(Loss)/gain on investment revaluations	(5,181,242)	8,173,506
Tax on the above	1,554,372	(2,452,051)
Transfer to Capital Profits Reserve	(2,818,070)	71,309
Tax on the above	845,421	(21,393)
<b>Balance at the end of the year</b>	<b>1,086,559</b>	<b>6,686,078</b>
<b>Capital Profits Reserve</b>		
Balance at the beginning of the year	(2,690,213)	(2,640,297)
Transfers from Asset Revaluation Reserve, net of tax	1,972,649	(49,916)
<b>Balance at the end of the year</b>	<b>(717,564)</b>	<b>(2,690,213)</b>

# NOTES TO THE FINANCIAL STATEMENTS CONT

FOR THE YEAR ENDED 30 JUNE 2015

## 12. EARNINGS PER SHARE

	2015 Cents	2014 Cents
<b>a) Calculated earnings per share</b>		
Basic earnings per share	1.923	(0.231)
Diluted earnings per share	1.923	(0.231)
	\$	\$
<b>b) Earnings used in calculating earnings per share</b>		
Profit/(loss) from continuing operations used to calculate basic and diluted earnings per share	938,907	(126,048)
	No.	No.
<b>c) Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares outstanding during the year used to calculate basic earnings per share	48,829,361	54,626,742
Weighted average number of ordinary shares adjusted for the effect of dilution	<b>48,829,361</b>	<b>54,626,742</b>

There are no instruments that could potentially dilute basic earnings per share in the future.

## 13. DIVIDENDS PAID

No dividends were paid during the financial year.

	2015 \$	2014 \$
<b>Franking credit balance</b>		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2014: 30%)	59,781	59,781
	<b>59,781</b>	<b>59,781</b>

## 14. CASH FLOW INFORMATION

### a) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at bank, cash on deposit, and
- cash held in investment trading accounts.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2014 \$
Cash on hand and at bank	7,544,480	1,299,925
	<b>7,544,480</b>	<b>1,299,925</b>

### b) Reconciliation of Cash

Profit/(loss) after tax	938,907	(126,048)
Add/(less):		
Distribution income reinvested	(322,809)	(263,438)
(Gain)/loss on foreign currency	(976,357)	54,906
Changes in assets and liabilities:		
Decrease in receivables	11,428	13,345
Decrease/(increase) in prepayments	12,323	(3,583)
Decrease/(increase) in deferred tax assets	434,810	(54,020)
Increase/(decrease) in trade payables and accruals	182,486	(126,686)
<b>Cash flows provided by/(used in) operations</b>	<b>280,788</b>	<b>(505,524)</b>

The Company does not have any formal loan facilities in place at the date of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS CONT

## FOR THE YEAR ENDED 30 JUNE 2015

### 15. SEGMENT REPORTING

The Company operates in Australia and has one business segment, that being investing in global fund products specialising in the natural resources sector.

### 16. KEY MANAGEMENT PERSONNEL

Names and positions held by key management personnel in office at any time during the financial year are:

**Mr Maximilian Walsh** – Non-Executive Chairman

**Ms Moira Daw** – Independent Non-Executive Director

**Mr Nirav Desai** – Independent Non-Executive Director

**Mr Jeffrey Whalan** – Independent Non-Executive Director

**Mr Alexander MacLachlan** – Managing Director

#### KEY MANAGEMENT PERSONNEL REMUNERATION

	Salary, Fees and Commission	Other
	\$	\$
<b>2015</b>		
Maximilian Walsh	-	-
Moira Daw	50,000	-
Nirav Desai	50,000	-
Alexander MacLachlan	-	-
Jeffrey Whalan	50,000	-
	<b>150,000</b>	<b>-</b>
<b>2014</b>		
Maximilian Walsh	-	-
Moira Daw	50,000	-
Nirav Desai	50,000	-
Alexander MacLachlan	-	-
Jeffrey Whalan	50,000	-
	<b>150,000</b>	<b>-</b>

Maximilian Walsh and Alexander MacLachlan have agreed not to be remunerated for the services they performed as directors.

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

## NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

	Balance at 1 July 2014	Received as remuneration	Net change other	Balance at 30 June 2015
<b>Directors</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Maximilian Walsh	127,124	-	-	127,124
Moirra Daw	-	-	-	-
Nirav Desai	-	-	-	-
Alexander MacLachlan	19,312	-	-	19,312
Jeffrey Whalan	121,179	-	-	121,179
<b>Total</b>	<b>267,615</b>	<b>-</b>	<b>-</b>	<b>267,615</b>

## 17. RELATED PARTY TRANSACTIONS

The names of the persons who were Directors of the Company at any time during the year and to the date of these financial statements are:

**Mr Maximilian Walsh** – Non-Executive Chairman

**Ms Moira Daw** – Independent Non-Executive Director

**Mr Nirav Desai** – Independent Non-Executive Director

**Mr Jeffrey Whalan** – Independent Non-Executive Director

**Mr Alexander MacLachlan** – Managing Director

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

### WALSH & COMPANY ASSET MANAGEMENT PTY LIMITED

Mr Maximilian Walsh and Mr Alexander MacLachlan are Directors of the Company and Directors of the Manager.

# NOTES TO THE FINANCIAL STATEMENTS CONT

## FOR THE YEAR ENDED 30 JUNE 2015

### 17. RELATED PARTY TRANSACTIONS CONT

#### i) MANAGEMENT FEES

The Manager is entitled to receive a management fee of 0.08334% (excluding GST) of the pre tax value of the Portfolio at the close of the first Business Day of each month (equating to an annualised management fee of 1%, excluding GST).

The management fees paid or payable to Walsh & Company Asset Management Pty Limited for the year ended 30 June 2015 was \$824,812 (2014: \$151,377), inclusive of GST. The management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2015 was \$67,856 (2014: \$73,747), inclusive of GST.

#### ii) BROKERAGE

Dixon Advisory & Superannuation Services Limited, as broker acting on behalf of the Company, receives brokerage of 0.25% on all transactions undertaken as part of the Company's buyback program. During the year, total brokerage paid or payable was \$14,932 (2014: \$26,624), inclusive of GST.

#### iii) FUND ADMINISTRATION FEE

##### Australian Fund Accounting Services Pty Limited

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Dixon Advisory Group Limited, the parent of the Manager, provides fund administration services under an agreement with the Manager consistent with the terms of the existing management agreement with the Company. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year was \$120,000 (2014: \$120,000), exclusive of GST.

#### Key Management Personnel Related Entity Transaction

Key management personnel and their related entities hold directly, indirectly or beneficially as at the reporting date the following interests in the Company:

	Ordinary shares	
	Direct	Indirect
<b>2015</b>		
Maximilian Walsh	1	127,123
Moirra Daw	-	-
Nirav Desai	-	-
Alexander MacLachlan	-	19,312
Jeffrey Whalan	-	121,179

For key management personnel remuneration, refer to note 16.

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## 18. FINANCIAL RISK MANAGEMENT

### A) FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial instruments consist mainly of deposits with banks and equity investments. The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, foreign exchange risk and market price risk.

#### **i) INTEREST RATE RISK**

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows. Any variation in short and long term interest rates, particularly in Australia, could affect the operating results of the Company.

At 30 June 2015, approximately 89.5% of the financial assets are non-interest bearing and 10.5% of the financial assets are at a floating rate.

#### **ii) LIQUIDITY RISK**

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Company does not invest more than 20% of the gross value of the portfolio in underlying funds where the notice period for withdrawal of invested capital is greater than 30 days notice period. However, to the extent that the underlying funds are invested in illiquid securities that may be difficult to sell at short notice or at desired prices, this can result in diminished redemption prices on the Company, or in declining markets, loss of capital through decline in the value of the investment in the underlying fund.

#### **iii) CREDIT RISK**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not have any material credit risk exposure to a single receivable or group of debtors under financial instruments entered into by the Company.

There are no amounts of collateral held as security at 30 June 2015.

#### **iv) FOREIGN EXCHANGE RISK**

The Company invests internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company does not undertake hedging of its foreign currency exchange risk exposure arising from commercial transactions.

If the currency in which the Company's investments are denominated changes in value relative to the Australian dollar, the Australian dollar value of the investment will change. For example, a rise in Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in Australian dollar relative to other currencies may positively impact investment value or returns.

# NOTES TO THE FINANCIAL STATEMENTS CONT

## FOR THE YEAR ENDED 30 JUNE 2015

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## 18. FINANCIAL RISK MANAGEMENT CONT

### A) FINANCIAL RISK MANAGEMENT POLICIES CONT

#### iv) FOREIGN EXCHANGE RISK CONT

The Company's exposure to foreign currency risk at the reporting date as followings:

##### Cash

- US Dollar (USD) \$5,600,897

##### Investments

- US Dollar (USD) \$38,471,565

#### v) MARKET PRICE RISK

Market price risk is the risk that changes in market prices such as interest rates and equity prices will affect the Company's income and the value of its holdings of financial instruments.

Inherently, the Company is exposed to market price risk as it invests its capital in securities whose market prices can fluctuate.

Market risk is moderated by ensuring that the Company's investment portfolio is not over-exposed to one company or one particular sector. The relative weightings of the individual funds are reviewed by the Investment Committee frequently.

### B) FINANCIAL INSTRUMENTS

#### i) FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The Company does not hold any fixed period contractual financial instruments at balance date.

##### Net Fair Values

The net fair values of:

- Term receivables and fixed interest securities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Unlisted investments have been valued at the redemption price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Listed securities included in "Investments" are readily traded on the foreign exchange in a standardised form. The net fair value of listed securities is determined by valuing them at the last quoted sale price as at balance date. The net fair value of investments is set out in note 8.

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

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used

in valuing the measurements:

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

The following table gives information about how the fair values of these financial assets are determined (in particular the valuation techniques and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2015 \$	30 June 2014 \$		
<b>1. Equity investments - listed</b>	\$18,950,902	\$33,387,247	Level 1	The valuation of listed equity investments is based on quoted prices on active trading exchange markets.
<b>2. Equity investments - unlisted</b>	\$45,032,418	\$45,723,288	Level 2	The valuation of unlisted investments included in level 2 is based on the redemption price at balance date, which generally reflects the underlying net asset value per unit held.

## ii) SENSITIVITY ANALYSIS

### Market Price Risk

The Company has performed sensitivity analysis relating to its exposure to its market price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks on financial assets.

# NOTES TO THE FINANCIAL STATEMENTS CONT

FOR THE YEAR ENDED 30 JUNE 2015

## 18. FINANCIAL RISK MANAGEMENT CONT

### B) FINANCIAL INSTRUMENTS CONT

#### ii) SENSITIVITY ANALYSIS CONT

At 30 June 2015, the effect on equity as a result of changes in the value of equity investments, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
<b>Change in equity (including tax impact)</b>		
Increase in market price by 5%	2,239,416	2,768,869
Decrease in market price by 5%	(2,239,416)	(2,768,868)
<b>Change in NTA per share (including tax impact)</b>		
Increase in market price by 5%	0.05	0.05
Decrease in market price by 5%	(0.05)	(0.05)

#### Interest Rate Risk

The Company has performed sensitivity analysis relating to its exposure to its interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks on financial assets that have a variable interest rate.

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
<b>Change in profit before tax</b>		
Increase in interest rate by 1%		
Cash at bank	75,463	13,017
Decrease in interest rate by 1%		
Cash at bank	(75,463)	(13,017)
<b>Change in equity</b>		
Increase in interest rate by 1%		
Cash at bank	75,463	13,017
Decrease in interest rate by 1%		
Cash at bank	(75,463)	(13,017)

## Foreign Exchange Risk

The Company has performed sensitivity analysis relating to its exposure to its foreign exchange risk at balance date. This sensitivity analysis demonstrates the effect on the current year profit or loss and equity (including tax impact) which would result from a change in these risks on financial assets.

At 30 June 2015, the effect on profit before tax and equity as a result of changes in the foreign exchange risk, with all other variables remaining constant would be as follows, 10% is the level at which the board monitors foreign exchange risk.

	2015 \$	2014 \$
<b>Change in profit before tax</b>		
Appreciation of AUD to USD by 10%	(660,662)	(702)
Decline of AUD to USD by 10%	807,476	858
<b>Change in equity (including tax impact)</b>		
Appreciation of AUD to USD by 10%	(3,176,580)	(4,524,323)
Decline of AUD to USD by 10%	3,882,487	5,529,728

## 19. CONTINGENT LIABILITIES

The directors are not aware of any potential liabilities or claims against the Company as at the balance date.

## 20. CAPITAL COMMITMENTS

The Company has no capital commitments at balance date.

## 21. EVENTS AFTER THE REPORTING PERIOD

Between the end of the financial year and the date of this report, the Company bought back a further 203,682 ordinary shares for a total consideration of \$302,139.47.

There has been no other items, transactions or events of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

## 22. COMPANY DETAILS

The registered office of the Company is:

**Global Resource Masters Fund Limited**

Level 15, 100 Pacific Highway North Sydney NSW 2060

The principal place of business is:

**Global Resource Masters Fund Limited**

Level 15, 100 Pacific Highway North Sydney NSW 2060



# DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2015

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The Directors of the Company declare that:

1. The financial report as set out in pages 19 to 45 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out in pages 14 to 16, are in accordance with the *Corporations Act 2001*, including:
  - a. Giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance, as represented by the results of the operations and the cash flows, for the financial year ended on that date;
  - b. In compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
  - c. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - d. The directors have been given the declarations required by s295A of the *Corporations Act 2001*.
2. The Directors of the Manager have declared that:
  - a. The financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the *Corporation Act 2001*;
  - b. The financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. The financial statements and notes for the financial year give a true and fair view.
3. As at the date of this declaration, in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

On behalf of the directors



**Mr Maximilian Walsh**  
**CHAIRMAN**

19 August 2015

# INDEPENDENT AUDITOR'S REPORT

## FOR THE YEAR ENDED 30 JUNE 2015



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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### **Independent Auditor's Report to the members of Global Resource Masters Fund Limited**

#### **Report on the Financial Report**

We have audited the accompanying financial report of Global Resource Masters Fund Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 19 to 46.

#### *Directors' Responsibility for the Financial Report*

The directors of the company 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Liability limited by a scheme approved under Professional Standards Legislation  
Member of Deloitte Touche Tohmatsu Limited

# INDEPENDENT AUDITOR'S REPORT CONT

FOR THE YEAR ENDED 30 JUNE 2015

## Deloitte.

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Global Resource Masters Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

- (a) the financial report of Global Resource Masters Fund Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

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

We have audited the Remuneration Report included in pages 14 to 16 of the directors' report for the year ended 30 June 2015. The directors of the company 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.

### *Opinion*

In our opinion the Remuneration Report of Global Resource Masters Fund Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants  
Sydney, 19 August 2015

# ADDITIONAL SECURITIES EXCHANGE DISCLOSURES

## STATEMENT OF QUOTED SECURITIES AS AT 31 JULY 2015

- There are 2,449 shareholders holding a total 47,094,876 ordinary fully paid shares.
- The 20 largest shareholders between them hold 5.072% of the total shares on issue.
- Voting rights are each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- The Company has a current on-market buyback program in place.

## DISTRIBUTION OF QUOTED SHARES AS AT 31 JULY 2015

Distribution of Shareholders Category (size of holding)	Number of Shareholders
1 – 1,000	17
1,001 – 5,000	203
5,001 – 10,000	587
10,001 – 100,000	1,629
100,001 – and over	13
<b>Total Holders</b>	<b>2,449</b>
<b>Less than marketable parcel</b>	<b>11</b>

## SUBSTANTIAL SHAREHOLDINGS AS AT 31 JULY 2015

There are no substantial shareholders pursuant to the provisions of Section 671B of the *Corporations Act 2001*.

## DIRECTORS' SHAREHOLDINGS

As at 30 June 2015, Directors of the Company held a relevant interest in the following securities on issue by the Company.

Director	Ordinary shares
Maximilian Walsh	127,124 ordinary shares
Moirá Daw	0 ordinary shares
Nirav Desai	0 ordinary shares
Alexander MacLachlan	19,312 ordinary shares
Jeffrey Whalan	121,179 ordinary shares

## RESTRICTED SECURITIES

There are no restricted securities on issue by the Company.

# ADDITIONAL SECURITIES EXCHANGE DISCLOSURES CONT

## TOP 20 HOLDERS OF ORDINARY SHARES AT 31 JULY 2015

Shareholder Name	Number of Shares Held	% of Total
VONWILLER SUPER FUND A/C	300,948	0.639
PETTINGELL & GILLAM S/F A/C	154,450	0.328
T & R SMITH SUPER FUND A/C	130,850	0.278
THE GALLERY SUPER FUND A/C	127,934	0.272
WHALAN FAMILY SUPER FUND A/C	121,179	0.257
G & A MORRISON S/F A/C	120,000	0.255
AM AND YC THOMSON S/F A/C	115,250	0.245
HAWES FAMILY SUPER FUND A/C	115,059	0.244
J & J KRUGER SUPER FUND A/C	115,000	0.244
ARISTIDES FAMILY A/C	109,407	0.232
THE BEDO SUPER FUND A/C	107,819	0.229
MR KIMBLE MOSTYN LLOYD	105,000	0.223
JM & JE MC KENNA S/F ACCOUNT	100,030	0.212
DIXON FAMILY S/F A/C	100,000	0.212
P & H RUSSELL S/FUND A/C	98,248	0.209
GERALDINE WALSH PENSION A/C	96,918	0.206
D & A SAINSBURY S/FUND A/C	93,750	0.199
THE POINTY END S/F A/C	93,529	0.199
G & R CLARKE S/F A/C	92,000	0.195
THE M & C HICKEY S/F A/C	91,449	0.194
<b>Total Held by Top 20 Holders of Ordinary Shares</b>	<b>2,388,820</b>	<b>5.072</b>

# INVESTMENTS AT MARKET VALUE

FOR THE YEAR ENDED 30 JUNE 2015

Investment	Units/Shares	Net Market Value \$	%
Martin Currie Global Resources Funds	463,893.90	12,309,109	19.24%
Market Vectors Agribusiness ETF	142,672.00	10,203,816	15.95%
RS Global Natural Resources Fund	391,444.85	12,601,202	19.69%
Invesco Energy Fund	194,256.10	5,955,977	9.31%
ETFS Physical Gold	59,646.00	8,747,086	13.67%
Credit Suisse Gains Fund	42,357.79	4,339,104	6.78%
Investec Global Energy Fund	228,899.08	4,508,483	7.05%
Ironbark GTP Global Equity Agribusiness Fund	4,882,981.07	5,318,543	8.31%
<b>Total Portfolio Value</b>		<b>63,983,320</b>	<b>100.00%</b>

## TRANSACTIONS

The total number of transactions in securities during the reporting period was 8.

# ADDITIONAL DISCLOSURES

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## MANAGEMENT AGREEMENT

The Company's investment activities are managed on an exclusive basis by Manager. The management agreement is dated 27 January 2015 (**Management Agreement**).

Subject to any applicable regulations, the Company's investment policies and any written guidelines issued by the Company from time to time, the Manager will manage the portfolio and has discretion to acquire, hold and dispose of investments on behalf of the Company.

The term of the Management Agreement is five years expiring on 27 January 2020 (**Initial Term**). The Management Agreement is automatically extended upon expiry of the Initial Term for a further term of one year and, if not terminated earlier, on each subsequent anniversary of the expiry of the Initial Term.

The Manager is entitled to receive an annualised management fee of 1% (excluding GST) of the value of the portfolio, payable monthly in arrears, calculated on the first business day of each month. The Manager is not entitled to a performance fee.

The Manager is entitled to be reimbursed by the Company for fees, costs and expenses when properly incurred in connection with the investment and management of the portfolio, the acquisition, disposal or maintenance of any investment or performance of the Manager's obligations under the Management Agreement, including fees payable to financial markets, ASIC or other regulatory body, the Company's share registrar, fees associated with a manager of a fund with which the Company has an investment and portfolio outgoings in connection with professional services, duties, taxes, marketing costs and insurance premiums.

The Company may terminate the Management Agreement immediately if the Manager:

- a) becomes insolvent; or
- b) materially breaches its obligations and such breach cannot be rectified; or
- c) breaches its obligations and does not remedy that breach within 30 days after the Company has notified the Manager in writing to remedy the breach; or
- d) persistently fails to ensure that investments made on behalf of the Company are consistent with the Company's investment strategy.

The Company may also terminate the Management Agreement if the licence under which the Manager performs its obligations is suspended for a period of one month or more or is cancelled at any time and the Manager fails to maintain an authorisation enabling it to perform its obligations under the Agreement from a third party holder of a licence.

The Company may also terminate the Management Agreement after the expiration of the Initial Term on delivery of three months' prior written notice.

The Manager may terminate the Management Agreement at any time by giving the Company at least six months' written notice.

A copy of the Management Agreement can be obtained from the Company's website ([www.globalresourcemasters.com.au](http://www.globalresourcemasters.com.au)).



# CORPORATE DIRECTORY

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The Company's shares are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

ASX Code is GRF.

## DIRECTORS

**Maximilian Walsh** (Non-Executive Chairman)

**Moirā Daw** (Non-Executive Director)

**Nirav Desai** (Non-Executive Director)

**Alexander MacLachlan** (Managing Director)

**Jeffrey Whalan** (Non-Executive Director)

## COMPANY SECRETARY

Ms Hannah Chan

## REGISTERED OFFICE

Level 15, 100 Pacific Highway  
North Sydney NSW 2060

**T** (02) 6162 5555

**F** (02) 6162 5550

## PRINCIPAL OFFICE

Level 15, 100 Pacific Highway  
North Sydney NSW 2060

**T** (02) 6162 5555

**F** (02) 6162 5550

**[www.globalresourcemasters.com.au](http://www.globalresourcemasters.com.au)**

## SHARE REGISTER

Managed by:

**Boardroom Pty Limited**

Level 12, 225 George Street  
Sydney NSW 2000

**T** (02) 9290 9600

**F** (02) 9279 0664

**[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)**

## AUDITOR

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