



CROMWELL
FUNDS MANAGEMENT

● ● ● Phoenix Portfolios

Cromwell Phoenix Global Opportunities Fund

ARSN 654 056 961

Annual Financial Report

30 JUNE 2023

Responsible entity:
Cromwell Funds Management Limited
ABN 63 114 782 777 AFSL 333 214
Level 19, 200 Mary Street
Brisbane QLD 4000

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DIRECTORY

Responsible entity:

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ABN 63 114 782 777
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Tel: +61 7 3225 7777
Email: invest@cromwell.com.au
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Custodian:

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Email: LFS_contact@linkgroup.com
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Auditor:

Pitcher Partners
Level 38, Central Plaza One
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Tel: +61 7 3222 8444
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Directors' Report

The Directors of Cromwell Funds Management Limited, the responsible entity of Cromwell Phoenix Global Opportunities Fund (the "Fund"), present their report for the year ended 30 June 2023.

The Fund was registered as a managed investment scheme with the Australian Securities and Investments Commission ("ASIC") on 11 October 2021 and commenced taking investor applications on 26 October 2021 when the Product Disclosure Statement was released. Note 13 includes additional comparative information of the Fund's financial performance between the period prior to accepting investor applications and subsequent to accepting investor applications for the year ended 30 June 2022.

The responsible entity and its Directors

Cromwell Funds Management Limited has been responsible entity of the Fund since its commencement. Cromwell Funds Management Limited is part of Cromwell Property Group, a global real estate investment manager with \$11.5 billion of assets under management. The responsible entity undertakes management and administrative duties for the Fund and monitors the Custodian, Link Fund Solutions Pty Limited, which holds the Fund's assets on behalf of the unitholders.

The responsible entity's Directors (collectively referred to as "the Directors") are as follows:

Ms TL Cox	Non-executive Chair	Appointed 14 January 2021, Chair since 14 January 2021
Ms JA Tongs	Non-executive Director	Appointed 18 December 2014, retired 5 December 2022
Ms LJC Crombie	Non-executive Director	Appointed 30 June 2022
Ms RJ Lloyd	Non-executive Director	Appointed 18 July 2022
Mr GG Ross	Non-executive Director	Appointed 18 July 2022

Principal activity

The Fund's principal activity is investment in a geographically diverse portfolio of listed, small capitalisation securities to provide a mixture of income and capital growth to investors. The Fund aims to achieve this by investing in a portfolio of internationally listed, predominately small capitalisation securities, which at the time of their acquisition, are considered to be trading at discounts to their observable net asset values. The Fund aims to provide investors with a total return (after management fees) in excess of 7.5% per annum and outperform the Vanguard Total World Stock ETF in \$AUD ("Benchmark") after fees and costs over rolling 5 year periods.

Review of operations and results

Financial performance

The Fund recorded a profit for the year of \$764,612 (2022: loss of \$364,855) and declared distributions of \$133,706 (2022: \$96,036).

The following table shows the Fund's performance against its benchmark index since the Fund's inception:

	1 Year	2 years	3 years	Since inception (annualised)
Fund performance (before fees and costs)	19.6%	4.5%	18.5%	13.1%
Fund performance (after fees and costs)	18.1%	3.4%	15.5%	10.3%
Vanguard Total World Stock ETF	20.4%	4.8%	12.5%	9.3%
(Shortfall) / excess return (after fees and costs)	(2.3%)	(1.4%)	3.0%	1.0%

For the year ending 30 June 2023, the Fund posted a positive return of 18.1%. Global equity markets moved sharply higher over the period, particularly in the second half of the financial year. Much of the strong performance of global indices was driven by mega capitalisation stocks, predominantly operating in the technology sector. The Fund has no direct exposure to these types of securities, which are not considered part of its investment universe. The Australian Dollar underperformed most developed market currencies over the period, which aided performance from an absolute return perspective. The Fund's exposure to the British Pound and the Euro were the largest contributors from an absolute perspective. The Fund's exposure to the Japanese Yen detracted value from an absolute perspective and relative to global indices. The Fund remains unhedged due to the imposition of costs and additional complexity of currency hedging. The manager believes it has a competitive advantage at choosing undervalued securities, not speculating on foreign exchange rates.

The fund has achieved its dual objectives over 3 years, both outperforming its benchmark and returning more than 7.5% per annum.

Compagnie de l'Odet (ENXTPA:ODET) was the largest contributor to performance over the period. The company (through its holding in Bollore SE) announced the sale of its third-party logistics business at a robust valuation. The sale is still subject to relevant approvals, however is a step towards simplifying a complex structure. Mountview Estates P.L.C (LSE:MTVW) was the largest detractor from fund performance over the period. Despite producing solid financial results over the period, its exposure to residential property in the United Kingdom was likely viewed unfavourably by some. Both securities remain in the Fund and appear attractive from a risk/reward perspective.

Directors' Report

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Fund during the year except as disclosed in the accompanying financial report.

Subsequent events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years; or
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

Likely results and expected results of operations

The activities of the Fund are regulated by the Fund's constitution. Owing to the limitations on the scope of activities contained in the constitution, future activities of the Fund will be confined to investment in a portfolio of internationally listed, predominately small capitalisation securities and selected other investments with similar characteristics to provide a mixture of income and capital growth to investors.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests and other global economic impacts (such as global geopolitical instability and tightened monetary policy). Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Environmental regulation

The Directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to the Fund.

Distributions

Distributions paid/payable to unitholders for the year ended 30 June 2023 were \$133,706 (2022: \$96,036). Distributions payable at balance date were \$133,706 (2022: \$96,036).

Options

No options over unissued units in the Fund have been issued since inception date and none are on issue at the date of this report.

Fees to responsible entity

Total fees paid/payable to the responsible entity or their associates during the year were \$84,104 (2022: \$15,376).

Units held by the responsible entity

No units in the Fund have been issued to the responsible entity or its Directors during the year and none are held by the responsible entity or its Directors at the date of this report. Phoenix Portfolios Pty Ltd is the investment manager of the Fund and holds 720,383 (2022: 615,037) units in the Fund as an investment. The Cromwell Diversified Property Trust ("DPT") is an entity related to the responsible entity and holds 527,724 (2022: 527,724) units in the Fund as an investment. Prior to year-end DPT applied for additional units in the Fund paying \$500,000 in June 2023, which remained unallocated at year-end. Subsequent to year-end and after the Fund's distribution period, DPT was issued 400,224 units in the Fund. Refer note 9(d) for further details of units held by DPT and units held by companies related to Ms JA Tong.

Indemnifying officers or auditors

No indemnities have been given by the Fund during or since the end of the financial year, for any person who is or has been an officer or auditor of the Fund. No insurance premiums have been paid for out of the assets of the Fund in regards to insurance provided to the responsible entity or the auditors of the Fund.

Issued units

A total of 2,172,644 (2022: 2,276,664) units were issued by the Fund during the financial year. There were no redemptions (2022: nil) in the Fund during the year. There were 5,452,628 (2022: 3,279,984) issued units in the Fund as at the end of the financial year.

Value of scheme assets

The total carrying value of the Fund's assets at the end of the financial year was \$7,474,320 (2022: \$3,696,734). The Fund held investments valued at \$6,442,210 (2022: \$3,439,615) and net assets attributable to unitholders of \$6,771,182 (2022: \$3,516,853) at balance date. This represents net tangible assets of \$1.24 (2022: \$1.07) per unit, before any allowance for selling costs.

Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) accompanies this report on page 6.

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



Ms TL Cox

Chair

11 September 2023

Sydney



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Brisbane, QLD 4000

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The Directors
Cromwell Funds Management Limited
As Responsible Entity for Cromwell Phoenix Global Opportunities Fund
Level 19, 200 Mary Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Pitcher Partners
PITCHER PARTNERS

CHERYL MASON
Partner

Brisbane, Queensland
11 September 2023

Brisbane Sydney Newcastle Melbourne Adelaide Perth



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NIGEL FISCHER
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JASON EVANS
KYLIE LAMPRECHT
NORMAN THURECHT

BRETT HEADRICK
WARWICK FACE
COLE WILKINSON

SIMON CHUN
JEREMY JONES
TOM SPLATT

JAMES FIELD
DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON
CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN
KAREN LEVINE

EDWARD FLETCHER
ROBERT HUGHES

Statement of Profit or Loss

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Investment and other income			
Distributions and dividend income	4(c)	206,617	179,331
Net fair value gain from investments in equity securities	4(b)	512,673	-
Net foreign exchange gain		145,093	41,620
Interest and other income		7,108	-
Total investment and other income		871,491	220,951
Expenses			
Net fair value loss from investments in equity securities	4(b)	-	554,643
Fund performance fees	9(e)	74,357	10,711
Fund administration costs	9(e)	9,747	4,665
Withholding tax on foreign dividends		7,997	6,181
Other expenses		14,778	9,606
Total expenses		106,879	585,806
Profit / (loss) for the year attributable to unitholders		764,612	(364,855)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year attributable to unitholders		764,612	(364,855)

The above statement of profit or loss should be read in conjunction with the accompanying notes.

Refer to note 13 for an allocation of the Fund's comparative financial performance between the periods prior and subsequent to accepting investor applications during the year ended 30 June 2022.

Balance Sheet

As at 30 June 2023

	Notes	2023 \$	2022 \$
Assets			
Cash and cash equivalents		1,015,398	236,660
Receivables	3	16,712	20,459
Investments at fair value through profit or loss	4	6,442,210	3,439,615
Total assets		7,474,320	3,696,734
Liabilities			
Payables	5	569,432	83,845
Distribution payable	2(b)	133,706	96,036
Total liabilities		703,138	179,881
Net assets		6,771,182	3,516,853
Equity			
Contributed equity	6	6,389,078	3,765,655
Retained earnings / (accumulated losses)		382,104	(248,802)
Total equity		6,771,182	3,516,853

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2023

2023	Notes	Contributed equity \$	(Accumulated losses) / retained earnings \$	Total \$
Balance at 1 July 2022		3,765,655	(248,802)	3,516,853
Profit for the year		-	764,612	764,612
Other comprehensive income for the year		-	-	-
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued:				
For cash	6	2,581,000	-	2,581,000
Reinvestment of distributions	6	42,423	-	42,423
Distributions paid / payable	2	-	(133,706)	(133,706)
Total transactions with unitholders		2,623,423	(133,706)	2,489,717
Balance at 30 June 2023		6,389,078	382,104	6,771,182

2022	Notes	Contributed equity \$	Retained earnings / (accumulated losses) \$	Total \$
Balance at 1 July 2021		1,008,252	212,089	1,220,341
Loss for the year		-	(364,855)	(364,855)
Other comprehensive income for the year		-	-	-
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued:				
For cash	6	2,694,000	-	2,694,000
Reinvestment of distributions	6	63,403	-	63,403
Distributions paid / payable	2	-	(96,036)	(96,036)
Total transactions with unitholders		2,757,403	(96,036)	2,661,367
Balance at 30 June 2022		3,765,655	(248,802)	3,516,853

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

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Distributions and dividends received		198,348	160,393
Interest and other income received		6,590	-
Performance fees paid		(35,959)	(36,406)
Other expenses		(23,315)	(13,328)
Net cash provided by operating activities	8(b)	145,664	110,659
Cash flows from investing activities			
Payments for investments at fair value through profit or loss		(4,632,658)	(3,637,223)
Proceeds from sale of investments at fair value through profit or loss		2,243,090	1,020,185
Net cash used in investing activities		(2,389,568)	(2,617,038)
Cash flows from financing activities			
Proceeds from issue of units	6	2,571,000	2,694,000
Proceeds from unit applications not yet allocated	5	502,000	10,000
Distributions paid		(53,613)	-
Net cash provided by financing activities		3,019,387	2,704,000
Net increase in cash and cash equivalents			
Effect of foreign currency exchange rate changes on cash and cash equivalents		3,255	10,814
Cash and cash equivalents at 1 July		236,660	28,225
Cash and cash equivalents at 30 June		1,015,398	236,660

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

Notes to the Financial Statements

For the year ended 30 June 2023

1. Basis of preparation

The annual financial report of the Cromwell Phoenix Global Opportunities Fund for the year ended 30 June 2023 is a general purpose financial report that has been prepared to comply with the Fund's annual reporting requirements contained in the *Corporations Act 2001* (Cth) and to provide investors in the Fund with information about the financial position of the Fund at the end of the financial year and the Fund's financial performance for the year.

The financial report has been prepared in accordance with Australian Accounting Standards (AASB) and accounting policies have been consistently applied since inception of the Fund. Further details about the Funds accounting policies are contained in the respective notes.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be reliably determined at balance date.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

The principal accounting policies adopted in the preparation of the financial report of Cromwell Phoenix Global Opportunities Fund are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report includes financial statements for the Fund as an individual entity.

The financial report has been prepared on a going concern basis.

Compliance with IFRS

The financial report complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Historical cost convention

The financial report is prepared on the historical cost basis except for investments at fair value through profit or loss are measured at fair value.

The method used to measure fair value is disclosed in note 7.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the Fund's functional currency.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

Continuous disclosure

Continuous disclosure and updates on the Fund's performance and events significant to the Fund are provided on Cromwell's webpage at www.cromwell.com.au/investment-options/gof.

Segment information

The Fund operates in one operating segment, being investment in global small capitalisation securities. The Fund earns distributions/dividends and derives capital appreciation from its portfolio of investments in global small capitalisation securities across multiple global equities markets.

Income tax

Under current income tax legislation the Fund is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the investments were sold is not accounted for in this report.

Notes to the Financial Statements

For the year ended 30 June 2023

a) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

As at 30 June 2023 and 30 June 2022 the only assets carried at fair value are investments at fair value through profit or loss. Detailed information about the fair value measurement of these financial instruments is contained in note 7.

b) New and amended accounting standards and interpretations adopted by the Fund

The Fund has adopted all applicable new Australian accounting standards and interpretations. There are no new relevant accounting standards and interpretations that have been adopted in the current year.

Any new relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted by the Fund are unlikely to have any material impact on the Fund.

2. Distributions

a) Overview

Distributions to unitholders are paid annually. When calculating the amount of distribution, the expected return from the Fund's investments (on an annualised basis) is taken into account. The actual amount distributed may be higher or lower than this amount but is no less than the Fund's net taxable income.

b) Distributions paid / payable

The distribution history of the Fund may be viewed on Cromwell's webpage www.cromwell.com.au/gof. The distribution rate for the year was 2.45218 cents (2022: 2.92794 cents). Total distributions paid / payable during the year were as follows:

	2023 \$	2022 \$
Distributions paid / payable	133,706	96,036

The distribution payable for the year-ended 30 June 2023 of \$133,706 was settled on 19 July 2023. \$82,875 was reinvested into the Fund by unitholders and \$50,831 was paid to unitholders (2022: \$42,423 was reinvested into the Fund by unitholders and \$53,613 was paid to unitholders).

3. Receivables

a) Overview

Receivables of the Fund generally consist of distributions and dividends receivable from its investment, unsettled sales and other receivables such as withholding tax receivable and Goods and Services Tax (GST).

	2023 \$	2022 \$
Distributions and dividends receivable	12,065	2,298
Other receivables	4,647	18,161
Total receivables	16,712	20,459

b) Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Receivables may include amounts for trust distributions which are accrued when the right to receive payment is established and unsettled sales.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off.

At year end there were no receivables past due but not impaired (2022: nil). No receivables have been determined to be impaired (2022: nil).

Notes to the Financial Statements

For the year ended 30 June 2023

4. Investments at fair value through profit or loss

a) Overview

The Fund invests in global portfolio of internationally listed, predominately small capitalisation securities with the aim to deliver a total return (after fees) in excess of 7.5% per annum and outperform the MSCI All Country World Net Index in \$AUD over 5 years. As at 30 June 2023 the investments of the Fund comprised of internationally listed equity securities.

b) Investment details

As at year end the Fund held the following investments:

	2023 \$	2022 \$
Listed equity securities	6,442,210	3,439,615

For accounting purposes, the fund's investments in listed securities are classified as investments at fair value through profit or loss with fair value gains or losses recognised in profit or loss. For further details about the fair value measurement of these financial assets refer to note 7. During the year the Fund recognised fair value gains of \$512,673 (2022: fair value losses of \$554,643) from investments at fair value through profit or loss.

c) Distributions and dividend income

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss within distributions and dividend income when the Fund's right to receive payments is established. During the year the Fund recognised distributions and dividend income of \$206,617 (2022: \$179,331) from its investments at fair value through profit or loss.

d) Accounting policy

Investments at fair value through profit or loss include listed equity securities held for trading purposes. Investments are recognised and derecognised on trade date.

Investments held at fair value through profit or loss are initially measured at fair value. Subsequent to initial recognition investments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

For listed equity securities, the fair value is determined by reference to the final closing price on the international markets. For further information regarding the accounting policies of the Fund's financial assets recognised at fair value through profit or loss refer to note 7(g).

5. Payables

a) Overview

Payables of the Fund generally consist of unsettled purchases, unallocated applications, performance fees payable and other payables such as interest payable and expense recoveries payable.

	2023 \$	2022 \$
Unsettled purchases	28,671	71,879
Performance fee payable	35,509	-
Other payables	3,252	1,966
Unallocated applications ⁽¹⁾	502,000	10,000
Total payables	569,432	83,845

⁽¹⁾ Units for applications unallocated at year-end were issued subsequent to year-end.

b) Accounting policy

Payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to the Fund prior to the end of the year and which are unpaid. The amounts are unsecured and settled within 60 days of agreed terms. Amounts for unsettled purchases represent investment transactions which had not completed at year end. Amounts for unallocated applications represent monies received from unitholder subscriptions which remain unallocated at year-end. Unsettled purchases and unallocated applications generally complete shortly after in the month following the transaction or application.

Notes to the Financial Statements

For the year ended 30 June 2023

6. Contributed equity

a) Overview

Units are issued and redeemed by the Fund at a unit price determined monthly in accordance with the responsible entity's Unit Pricing Policy. Per the Australian Securities and Investments Commission ("ASIC") and the Australian Prudential Regulation Authority's ("APRA") Unit Pricing: Guide to Good Practice, investors will receive compensation for any material unit pricing errors. In accordance with these guidelines the Fund does not pay exited members compensation for material unit pricing errors where the amount of any compensation payable is less than \$20.

b) Movements in contributed equity

	#	\$
Balance at 1 July 2021	1,003,320	1,008,252
Units issued for cash	2,224,536	2,694,000
Distribution reinvestments	52,128	63,403
Balance at 30 June 2022	3,279,984	3,765,655
Units issued for cash	2,133,078	2,581,000
Distribution reinvestments	39,566	42,423
Balance at 30 June 2023	5,452,628	6,389,078

c) Capital risk management

The Fund considers its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

Monthly applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a monthly basis by the responsible entity. Under the terms of the Fund's constitution, the responsible entity has the discretion to reject an application for units and to suspend withdrawals of units in certain circumstance if the exercise of such discretion is in the best interests of unitholders.

d) Accounting policy

A financial instrument that includes a contractual obligation for the Fund to deliver to each instrument holder their pro rata share of the Fund's net assets on liquidation is classified as an equity instrument (contributed equity) when it has all the following features:

- The instrument entitles each instrument holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. The Fund's net assets are those assets that remain after deducting all other claims on the entity's assets. A pro rata share is determined by dividing the net assets of the Fund at the end of its term into units of equal amount and multiplying that amount by the number of units held by the instrument holder.
- The instrument is subordinate to all other classes of financial instruments of the Fund. For this to be the case, the instrument must give the instrument holder no priority over other claims to the assets of the Fund on liquidation and must not need to be converted into another instrument to be in a class of instruments that is subordinate to all other classes of instruments.
- All instruments in the class of instruments must have an identical contractual obligation for the entity to deliver a pro rata share of its net assets on liquidation.

In addition to the above features, the Fund must have no other financial instrument or contract that has total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund and the effect of substantially restricting or fixing the residual return to instrument holders.

7. Financial risk management

a) Overview

The Fund's activities exposed it to a variety of financial risks which included credit risk, liquidity risk, foreign currency risk and market risk. The responsible entity's overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Fund.

Notes to the Financial Statements

For the year ended 30 June 2023

The Fund holds the following financial instruments that are subject to the responsible entity's risk management practice:

	Type of financial instrument	2023 \$	2022 \$
Financial assets			
Cash and cash equivalents	(1)	1,015,398	236,660
Receivables	(1)	16,712	20,459
Investments at fair value through profit or loss	(2)	6,442,210	3,439,615
Total financial assets		7,474,320	3,696,734
Financial liabilities			
Payables	(1)	569,432	83,845
Distribution payable	(1)	133,706	96,036
Total financial liabilities		703,138	179,881

(1) At amortised cost; and

(2) At fair value through profit or loss.

The Fund is exposed to the following key financial risks:

Risk	Definition of risk	Fund's exposure	Responsible entity's management of risk
Credit risk (Section 7(b))	The risk a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to the Fund.	<ul style="list-style-type: none"> Cash and cash equivalents Receivables Listed securities 	The responsible entity manages this risk by: <ul style="list-style-type: none"> managing and monitoring exposure to all counterparties; monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality; cash transactions are transacted with high credit quality financial institutions; and regularly monitoring receivables on an ongoing basis.
Liquidity risk (Section 7(c))	The risk the Fund will default on its contractual obligations under a financial instrument.	<ul style="list-style-type: none"> Payables Listed securities 	The responsible entity manages this by: <ul style="list-style-type: none"> maintaining sufficient cash to meet ongoing liquidity requirements. The investments in equity securities are considered to be readily realisable and can be disposed of when required.
Market risk – price risk (Section 7(d))	The risk that the fair value or cash flows of listed securities will fluctuate due to changes in the price due to equity market movements.	<ul style="list-style-type: none"> Listed securities 	The responsible entity manages this risk by monitoring the investment manager and ensuring their performance and investment decisions are in accordance with the terms and conditions of the investment management agreement.
Market risk – foreign exchange risk (Section 7(d))	The risk that the fair value of a foreign currency asset or liability will fluctuate due to changes in foreign currency rates.	<ul style="list-style-type: none"> Cash and cash equivalents Investments in foreign currency 	The manager does not intend to hedge any foreign currency exposure arising from investments in foreign securities due to the imposition of costs and additional complexity of currency hedging.

b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount of financial assets recognised in the balance sheet of the Fund. The Fund holds no significant collateral as security. The Fund does not have any significant credit risk exposure to any single counterparties having similar characteristics, other than cash and cash equivalents which are held with high credit quality financial institutions.

Notes to the Financial Statements

For the year ended 30 June 2023

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the Fund. It is the responsible entity's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements.

At 30 June 2023 and 30 June 2022 all financial liabilities were due within one year.

d) Market risk

Interest rate risk

The Fund does not carry any direct interest bearing liabilities and does not carry material cash balances (at 30 June 2023, the Fund's cash balance included \$502,000 of cash received from investor applications which were allocated in July 2023) and is therefore not exposed to any material interest rate risk.

Price risk - equity investments

The Fund is exposed to equity price risk in relation to its investments in listed equity securities recorded at fair value through profit or loss in the balance sheet. The price of listed equity securities is dependent on equity market movements on foreign stock exchanges in which the equity securities are listed.

The table below details Fund's sensitivity to movements in the fair value of the Fund's investments at fair value through profit or loss:

Fair value increase / (decrease) of:	Carrying amount \$'000	+10%		-10%	
		Profit \$	Equity \$	Profit \$	Equity \$
2023					
Investments at fair value through profit or loss	6,442,210	644,221	644,221	(644,221)	(644,221)
2022					
Investments at fair value through profit or loss	3,439,615	343,962	343,962	(343,962)	(343,962)

Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, the fund manager monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund invests across multiple global equities markets including North America, Europe and Asia, with investments held in foreign currencies including United States Dollars, Euro, Great British Pounds, Hong Kong Dollars, Canadian Dollars, Singapore Dollars, Norwegian Krone and Japanese Yen. The Fund also holds cash and cash equivalents in a range of foreign currencies to facilitate the purchase of foreign currency denominated investments. Based on the portfolio of the Fund's investments at fair value through profit or loss and the various foreign denominated cash and cash equivalents held, the Fund's highest exposure are those investments and cash denominated in United States Dollar ('USD') and Great British Pound ('GBP').

The table below, expressed in Australian dollars, summarises the Fund's exposure to investments at fair value through profit and loss and cash and cash equivalents denominated in USD and GBP:

	2023		2022	
	USD \$	GBP \$	USD \$	GBP \$
Cash and cash equivalents	3,376	104,971	98,499	79,537
Investments at fair value through profit or loss	1,886,482	1,131,731	1,187,179	560,816
	1,889,858	1,236,702	1,285,678	640,353

A 1% change in the exchange rate of the USD and GBP would not have a material impact on the Fund's profit after tax and equity.

A 10% change in the exchange rate of the USD and GBP would have a \$189,000 or \$124,000 impact on the Fund's profit after tax and equity.

e) Fair value measurement of financial instruments

The Fund's only financial instruments measured at fair value are its investments in globally listed securities.

The Fund measures and recognises the following financial instruments at fair value on a recurring basis as level 1 (quoted market prices).

- Listed equity investments - at level 1, where quoted prices (unadjusted) in active markets for identical assets.

Notes to the Financial Statements

For the year ended 30 June 2023

Valuation techniques used to derive Level 1 fair values

The fair value of financial instruments traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

At balance date, the Fund held no Level 2 or Level 3 financial instruments.

The table below presents the Fund's financial assets measured and carried at fair value at 30 June 2023 and 30 June 2022:

	2023			2022		
	Level 1 \$	Level 2 \$	Total \$	Level 1 \$	Level 2 \$	Total \$
Financial assets at fair value						
Investments at fair value through profit or loss						
Listed equity securities	6,442,210	-	6,442,210	3,439,615	-	3,439,615
Total	6,442,210	-	6,442,210	3,439,615	-	3,439,615

The Fund does not hold any other financial instruments at fair value in the current or prior year. The Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels of the fair value hierarchy during the current and prior financial years.

f) Fair values of other financial instruments not measured at fair value

The carrying amounts of receivables, payables and distributions payable are assumed to approximate their fair values due to their short-term nature.

g) Accounting policy

The accounting policies with respect to the initial recognition, measurement, classification and subsequent measurement of the Fund's financial assets and financial liabilities are detailed below:

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

Classification and subsequent recognition and measurement

Subsequent to initial recognition the Fund classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends upon whether the objective of the Fund's relevant business model is to hold financial assets in order to collect contractual cash flows (business model test) and whether the contractual terms of the cash flows give rise on specified dates to cash flows that are solely payments of principal and interest (cash flow test).

Financial assets recognised at amortised cost

Receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Financial assets recognised at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or recognition at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and presented net within other gains / (losses) in the period in which it arises.

Notes to the Financial Statements

For the year ended 30 June 2023

Impairment

The Fund recognises a loss allowance for expected credit losses on trade receivables that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For receivables, the Fund applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

When the Fund exchanges one debt instrument for another with substantially different terms with an existing lender, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Fund accounts for the substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new financial liability.

8. Cash flow information

a) Overview

This note provides further information on the cash flow statement of the Fund. It reconciles profit / (loss) for the year to cash flows from operating activities and information about non-cash transactions.

b) Reconciliation of profit / (loss) for the year to net cash provided by operating activities

	2023 \$	2022 \$
Profit / (loss) for the year	764,612	(364,855)
Fair value net (gain) / loss from investments	(512,673)	554,643
Net foreign exchange gain	(145,093)	(41,620)
Dividend income reinvested	(1,767)	-
<i>Changes in operating assets and liabilities:</i>		
Decrease / (increase) in receivables	3,747	(13,858)
Increase / (decrease) in payables	36,838	(23,651)
Net cash provided by operating activities	145,664	110,659

c) Non-cash financing and investing items

	2023 \$	2022 \$
Units issued on reinvestment of distributions	42,423	63,403
Dividend income reinvested	(1,767)	-

Notes to the Financial Statements

For the year ended 30 June 2023

d) Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Related Parties

a) Overview

Related parties are persons or entities that are related to the Fund as defined by AASB 124 *Related Party Disclosures*. These include Directors and other key management personnel of the responsible entity and their close family members and any entities they control. They also include any associated entities of the responsible entity, such as entities that are also controlled by the parent entity of the responsible entity Cromwell Corporation Limited.

This note provides information about transactions with related parties during the year. All of the Fund's transactions with related parties are on normal commercial terms and conditions and at market rates.

b) Key management personnel disclosures

The following persons were Directors and other key management personnel of the responsible entity during the entire year and up to the date of this report, unless otherwise stated:

Cromwell Funds Management Limited

Non-executive Directors

Ms TL Cox	Appointed 14 January 2021, Chair since 14 January 2021
Ms JA Tongs	Appointed 18 December 2014, retired 5 December 2022
Ms LJC Crombie	Appointed 30 June 2022
Ms RJ Lloyd	Appointed 18 July 2022
Mr GG Ross	Appointed 18 July 2022

Other key management personnel

Mr J Callaghan	Chief Executive Officer
Mr M Wilde	Chief Financial Officer

There were no key management personnel employed by the Fund at any time during the year.

c) Remuneration

Key management personnel are paid by Cromwell Operations Pty Ltd. Cromwell Operations Pty Ltd is a wholly owned subsidiary of Cromwell Corporation Limited, which is the parent entity of the responsible entity. Payments made from the Fund to either Cromwell Operations Pty Ltd or Cromwell Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

d) Unitholdings / loans

Phoenix Portfolios Pty Ltd, the entity engaged by the responsible entity to manage the Fund's equity investments, held 720,383 units in the Fund (2022: 615,037). The Cromwell Diversified Property Trust (DPT), an entity related to the responsible entity, held 527,724 units in the Fund (2022: 527,724). Prior to year-end DPT applied for additional units in the Fund paying \$500,000 in June 2023, which remained unallocated at year-end and recognised in Payables. Subsequent to year-end and after the Fund's distribution period, DPT was issued 400,224 units in the Fund.

The Directors and other key management personnel of the responsible entity, including its personally related parties, held no loans payable to/receivable from the Fund during the financial year. During the year and up to the date of her retirement on 5 December 2022, companies related to Ms JA Tongs held 414,579 units in the Fund (2022: 403,559 units). No other KMP or their personally related parties held any units in the Fund during the financial year or at year-end.

e) Transactions with the responsible entity and its associates

	2023 \$	2022 \$
<i>Amounts paid / payable</i>		
Performance fees	74,357	10,711
Administration fee	9,747	4,665
Aggregate amounts payable to the responsible entity and its associate at year-end	38,761	1,966

Notes to the Financial Statements

For the year ended 30 June 2023

10. Remuneration of auditor

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

	2023 \$	2022 \$
Audit services		
<i>Pitcher Partners Brisbane</i>		
• Audit and review of financial report ⁽¹⁾	12,500	7,000
• Audit of comparative financial information	-	3,500
• Audit of compliance plan	3,900	3,700
Total remuneration for audit and other assurance services	16,400	14,200

(1) Total remuneration for audit and other assurance services for the current and prior years have not yet been recharged to the Fund by the responsible entity. Hence, these amounts are not included in the Fund's profit and loss.

11. Unrecognised items

a) Overview

Items that have not been recognised on the Fund's balance sheet include contractual commitments for future expenditure and contingent liabilities which are not sufficiently certain to qualify for recognition as a liability on the balance sheet. This note provides details of any such items.

b) Contingent assets and contingent liabilities

The Directors are not aware of any material contingent assets or contingent liabilities and the Directors are not aware of any material changes in contingent assets or contingent liabilities of the Fund.

c) Commitments

At year end the Fund does not have any material expenditure commitments.

12. Subsequent events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years; or
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

13. Statement of profit or loss information for the year ending 30 June 2022

a) Overview

The purpose of this note is to provide additional information with regards to the Fund's statement of profit or loss for the comparative period prior to accepting investor applications (from July 2021 to October 2021) and for the period subsequent to accepting investor applications (from November 2021 to June 2022). The results are for whole months which are considered to be materially accurate for the periods before and after investors commenced with the Fund.

Notes to the Financial Statements

For the year ended 30 June 2023

b) Reconciliation of loss for the prior year before and after investor applications

	1 July 2021 to 31 October 2021 \$	1 November 2021 to 30 June 2022 \$	1 July 2021 to 30 June 2022 \$
Investment and other income			
Distributions and dividend income	26,013	153,318	179,331
Net foreign exchange gain	(10,832)	52,452	41,620
Total investment and other income	15,181	205,770	220,951
Expenses			
Net fair value loss from investments in equity securities	8,114	546,529	554,643
Fund performance fees	10,711	-	10,711
Fund administration costs	900	3,765	4,665
Withholding tax on foreign dividends	3,483	2,698	6,181
Other expenses	47	9,559	9,606
Total expenses	23,255	562,551	585,806
Loss for the year attributable to unitholders	(8,074)	(356,781)	(364,855)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year attributable to unitholders	(8,074)	(356,781)	(364,855)

Directors' Declaration

In the opinion of the Directors of Cromwell Funds Management Limited as responsible entity for Cromwell Phoenix Global Opportunities Fund:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance, for the financial period ended on that date; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1 Basis of preparation; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of Cromwell Funds Management Limited.



Ms TL Cox

Chair

11 September 2023

Sydney



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Independent Auditor's Report To the Members of Cromwell Phoenix Global Opportunities Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cromwell Phoenix Global Opportunities Fund ("the Fund"), which comprises the balance sheet as at 30 June 2023, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' Cromwell Funds Management Limited – the Responsible Entity's declaration.

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

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Other Information

The directors of the Responsible Entity for the Fund are responsible for the other information. The other information comprises the information included in the Fund's directors' report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON
CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN
KAREN LEVINE

EDWARD FLETCHER
ROBERT HUGHES

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

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

Responsibilities of the Directors of the Responsible Entity for the Financial Report

The directors of the Responsible Entity 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 of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Pitcher Partners

PITCHER PARTNERS



CHERYL MASON
Partner

Brisbane, Queensland
11 September 2023