Munro Global Growth Fund (Hedge Fund)

ARSN 630 318 053

Interim report

for the half-year ended 31 December 2023

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Contents

	Page
Directors' report	1
Auditor's independence declaration	3
Statement of comprehensive income	4
Balance sheet	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	12
Independent auditor's report to the unitholders of Munro Global Growth Fund (Hedge Fund)	13

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of Munro Global Growth Fund (Hedge Fund) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers Munro Global Growth Fund (Hedge Fund) as an individual entity.

The Responsible Entity of Munro Global Growth Fund (Hedge Fund) is GSFM Responsible Entity Services Limited (ABN 48 129 256 104).

The Responsible Entity's registered office is Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

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Directors' report

The directors of GSFM Responsible Entity Services Limited (the "Responsible Entity"), the Responsible Entity of Munro Global Growth Fund (Hedge Fund) (the "Fund"), present their report together with the financial statements of the Fund for the half-year ended 31 December 2023.

Principal activities

The Fund continued to invest funds in accordance with the provisions of the Fund Constitution.

The Fund did not have any employees during the half-year.

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

Directors

The following persons held office as directors of GSFM Responsible Entity Services Limited during the half-year or since the end of the half-year and up to the date of this report:

Robert Niven Johanson

Andrew Duncan McKinnon

Damien Henry McIntyre

Edward Douglas Kelterborn

Keri Bush (resigned 8 December 2023)

Review and results of operations

The Fund invests in unlisted unit trusts and cash and cash equivalents. The investment policy of the Fund continues to be in accordance with the provisions of the Fund Constitution.

Results

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

	Half-year ended	
	31 December 2023	31 December 2022
Profit/(loss) before finance costs attributable to unitholders ($'000)	**9,709**	(1,650)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the period.

Matters subsequent to the end of the period

No matters or circumstances have arisen since the end of the current reporting period that have significantly affected, or may significantly affect:

(i) the operations of the Fund in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Fund in future financial years.

Directors' report (continued)

Likely developments and expected results of operations

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

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

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of the Directors.

Andrew Duncan McKinnon
Director

Sydney
6 March 2024

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Auditor's Independence Declaration

As lead auditor for the review of Munro Global Growth Fund (Hedge Fund) for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Klynton Hankin
Partner
PricewaterhouseCoopers

Sydney
6 March 2024

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Statement of comprehensive income

	Note	Half-year ended 31 December 2023 $'000	31 December 2022 $'000
Investment income			
Net gains/(losses) on financial instruments at fair value through profit or loss		**10,895**	(395)
Total net investment income/(loss)		**10,895**	(395)
Expenses			
Responsible Entity's fees		**1,151**	1,238
Transaction costs		**35**	17
Total operating expenses		**1,186**	1,255
Profit/(loss) for the half-year		**9,709**	(1,650)
Other comprehensive income for the half-year		**–**	–
Total comprehensive income/(loss) for the half-year		**9,709**	(1,650)

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

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Balance sheet

	Note	As at 31 December 2023 $'000	30 June 2023 $'000
Assets			
Cash and cash equivalents		**10**	668
Due from brokers - receivable for securities sold		**–**	534
Receivables		**45**	62
Financial assets at fair value through profit or loss	5	**170,438**	174,640
Total assets		**170,493**	175,904
Liabilities			
Payables		**196**	618
Due to brokers - payable for securities purchased		**10**	–
Total liabilities		**206**	618
Net assets attributable to unitholders - Equity		**170,287**	175,286

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

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Statement of changes in equity

	Note	Half-year ended 31 December 2023 $'000	Half-year ended 31 December 2022 $'000
Total equity at the beginning of the half-year		**175,286**	170,812
Comprehensive income for the half-year			
Profit/(loss) for the half-year		**9,709**	(1,650)
Other comprehensive income for the half-year		**–**	–
Total comprehensive income for the half-year		**9,709**	(1,650)
Transactions with unitholders for the half-year			
Applications	3	**3,542**	17,432
Redemptions	3	**(18,250)**	(2,709)
Total transactions with unitholders for the half-year		**(14,708)**	14,723
Total equity at the end of the half-year		**170,287**	183,885

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

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Statement of cash flows

	Note	Half-year ended 31 December 2023 $'000	31 December 2022 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**19,602**	3,347
Purchase of financial instruments at fair value through profit or loss		**(3,961)**	(17,432)
Transaction costs of financial instruments at fair value through profit or loss		**(35)**	(17)
Other income received		**13**	–
Responsible Entity's fees paid		**(1,147)**	(1,028)
Net cash inflow/(outflow) from operating activities		**14,472**	(15,130)
Cash flows from financing activities			
Proceeds from applications by unitholders		**3,546**	17,432
Payments for redemptions by unitholders		**(18,676)**	(2,709)
Net cash (outflow)/inflow from financing activities		**(15,130)**	14,723
Net decrease in cash and cash equivalents		**(658)**	(407)
Cash and cash equivalents at the beginning of the half-year		**668**	735
Cash and cash equivalents at the end of the half-year		**10**	328

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

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1 Basis of preparation of interim report

This interim general purpose financial report for the half-year ended 31 December 2023 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report includes condensed financial statements for the Munro Global Growth Fund (Hedge Fund) ("the Fund") as an individual entity.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Responsible Entity of the Fund is GSFM Responsible Entity Services Limited (ABN 48 129 256 104) ("the Responsible Entity"). The registered office of the Responsible Entity is Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000.

(a) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial half-year beginning 1 July 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(b) Rounding of amounts

The Fund is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollar unless otherwise indicated.

2 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVPL) (see Note 5).

Business model – investment portfolio

The Directors have determined that the Fund's investment portfolio is managed on a fair value basis and is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities 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.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

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2 Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

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

(a) Fair value hierarchy

Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as according to the fair value hierarchy at 31 December 2023 and 30 June 2023.

31 December 2023	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at fair value through profit or loss				
Unlisted unit trusts	**–**	**170,438**	**–**	**170,438**
Total	**–**	**170,438**	**–**	**170,438**

30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Unlisted unit trusts	–	174,640	–	174,640
Total	–	174,640	–	174,640

Investments in unlisted unit trusts are classified as level 2 as they are not traded on an active market. Whilst not traded on an active market, units in the unlisted trusts are open to daily transactions and are valued at their quoted redemption price at year end. The underlying investments of the unlisted unit trusts are predominantly classified as Level 1.

The Fund did not hold any level 3 instruments during the half-year ended 31 December 2023 (30 June 2023: Nil).

Transfers between levels

There were no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2023 and year ended 30 June 2023.

Fair value of financial instruments not carried at fair value

The carrying amounts of receivables and payables are assumed to approximate fair value. Net assets attributable to unitholders carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation input. The difference is not material in the current or prior period.

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3 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

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

	As at			
	31 December 2023 No.'000	30 June 2023 No.'000	**31 December 2023 $'000**	30 June 2023 $'000
Opening balance	**36,964**	39,113	**175,286**	170,812
Applications	**731**	5,294	**3,542**	23,686
Redemptions	**(3,835)**	(7,443)	**(18,250)**	(32,311)
Profit for the period	**–**	–	**9,709**	13,099
Closing balance	**33,860**	36,964	**170,287**	175,286

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

Capital risk management

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

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily 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 defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Fund's investment strategy remains unchanged and it continues to hold direct investments which provide exposure to liquid assets including interest earnings and cash equivalent securities. As such, the Fund will meet any capital requirements from the liquidation of liquid assets, which include cash and cash equivalents.

4 Distributions to unitholders

The Fund expects to make distributions on an annual basis. Distributions are expected but not guaranteed.

Accordingly, there were no distributions declared for the half-year ended 31 December 2023 (31 December 2022: Nil).

5 Financial assets held at fair value through profit or loss

	As at	
	31 December 2023 Fair value $'000	30 June 2023 Fair value $'000
Financial assets at fair value through profit or loss		
Unlisted unit trusts	**170,438**	174,640
Total financial assets at fair value through profit or loss	**170,438**	174,640
Comprising:		
Unlisted unit trusts		
Australian unlisted equity trusts	**170,438**	174,640
Total unlisted unit trusts	**170,438**	174,640
Total financial assets at fair value through profit or loss	**170,438**	174,640

6 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the balance sheet as at 31 December 2023 or on the results and cash flows of the Fund for the half-year ended on that date.

7 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2023 (30 June 2023: Nil).

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Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

(b) 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.

Andrew Duncan McKinnon
Director

Sydney
6 March 2024

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Independent auditor's review report to the unitholders of Munro Global Growth Fund (Hedge Fund)

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Munro Global Growth Fund (Hedge Fund) (the Registered Scheme) which comprises the balance sheet as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors of the Responsible Entity declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Munro Global Growth Fund (Hedge Fund) does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Registered Scheme's financial position as at 31 December 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors of the Responsible Entity for the half-year financial report

The directors of GSFM Responsible Entity Services Limited (the "Responsible Entity") are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true

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and fair view of the Registered Scheme's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Klynton Hankin

Klynton Hankin
Partner

Sydney
6 March 2024

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