

**THE DUAL MOMENTUM FUND
(FORMERLY THE MEME AUSTRALIAN SHARE FUND)
ABN: 50 382 023 935**

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2018**

**Liability limited by a scheme approved under
Professional Standards Legislation**

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**THE DUAL MOMENTUM FUND
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
INVESTMENT INCOME		
Dividend income	138,457	135,158
Interest income	2,579	4,514
Other income	1,911	141
Gains (Losses) on financial instruments held at fair value	1,186,782	(650,501)
	<u>1,329,729</u>	<u>(510,688)</u>
EXPENSES		
Bank charges	4	-
Transaction costs	7,263	1,070
Interest expense	7,472	211
Management fees	60,217	61,378
Performance fees	53,917	-
Recovery of expenses	42,974	40,424
Sundry expenses	1,590	1,859
Withholding tax	2,588	1,070
	<u>176,025</u>	<u>106,012</u>
Operating Profit/(Loss)	<u>1,153,704</u>	<u>(616,700)</u>
FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS		
Distributions to Unitholders	668,895	36,436
Increase/(Decrease) in net assets attributable to unitholder	484,809	(653,136)
Profit for the year	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
ASSETS			
Cash and cash equivalents	2	1,252,530	5,047
Trade and other receivables	3	1,913	1,619
Other current assets	4	11,757	19,079
Financial assets	5	6,141,471	5,791,629
TOTAL ASSETS		<u>7,407,671</u>	<u>5,817,374</u>
LIABILITIES			
Trade and other payables	6	55,486	3,355
Other current liabilities	7	9,952	8,154
TOTAL LIABILITIES		<u>65,438</u>	<u>11,509</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	8	<u>7,342,233</u>	<u>5,805,865</u>

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	39,576,473	26,545,382
Payments for purchase of financial assets	(38,748,267)	(29,479,614)
Dividends received	140,559	125,118
Interest received	2,579	4,749
Other income received	10,647	140
Payments to suppliers	(169,303)	(178,029)
Net cash provided by (used in) operating activities	812,688	(2,982,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from applications by Unitholders	1,607,500	2,726,000
Payment of redemptions to Unitholders	(1,076,166)	(512,805)
Distributions paid	(96,539)	(12,095)
Net cash provided by financing activities	434,795	2,201,100
Net increase/(decrease) in cash held	1,247,483	(781,154)
Cash at beginning of financial year	5,047	786,201
Cash at end of financial year	2 1,252,530	5,047

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Retained earnings \$	Total \$
Balance at 30 June 2017		-	-
Balance at 30 June 2018		-	-

Under Australian Accounting Standards, the net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1 Summary of Significant Accounting Policies

Basis of Preparation

The directors of the trustee company, being Theta Asset Management Ltd ("the Trustee") have prepared the financial statements of The Dual Momentum Fund (the "Unit Trust"), formerly the MEME Australian Share Fund, on the basis that the unit trust is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of unitholders, the information needs of stakeholders and for the basis of preparation of the income tax return.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless stated otherwise in the notes. The accounting policies that have been adopted in the preparation of these statements are as follows:

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents and are presented within current liabilities on the statement of financial position.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest revenue

Interest revenue is recognised using the effective interest method.

Dividend revenue

Dividends are recognised when the right to receive payment is established.

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

Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that unit trust becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the Statement of Comprehensive Income.

The unit trust's trade and other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in the Statement of Comprehensive Income. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

In some circumstances, the unit trust renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the unit trust does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future;
- designated by the entity to be carried at fair value through profit or loss upon initial recognition; or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

The unit trust did not hold any held-to-maturity investments in the current or comparative financial year.

The unit trust did not hold any available-for-sale financial assets in the current or comparative financial year.

Goods and Services Tax (GST)

Revenue, 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 (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing or financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening net assets attributable to unitholders previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

Net Assets Attributable to Unitholders

The units are classified as financial liabilities as the unit trust is required to distribute its distributable income.

An investor may ask to exit the unit trust at any time, although the manager has the authority under the unit trust Constitution to delay payments under certain circumstances. When the manager determines that a redemption can be effected, it redeems the units at the exit price.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
2 Cash and Cash Equivalents		
Current		
Cash Management Account	5	5
Operating Account	443	34
IB Cash Account	1,219,582	5,008
TDMF Application Account	32,500	-
	<u>1,252,530</u>	<u>5,047</u>
Reconciliation of cash		
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	1,252,530	5,047
	<u>1,252,530</u>	<u>5,047</u>
3 Trade and Other Receivables		
Current		
Input Tax Credits	1,913	1,619
	<u>1,913</u>	<u>1,619</u>
4 Other Current Assets		
Current		
Accrued Income	11,757	13,859
Accrued Brokerage	-	5,220
	<u>11,757</u>	<u>19,079</u>
5 Financial Assets		
Current		
Financial Assets held at fair value through profit or loss	6,141,471	5,791,629
	<u>6,141,471</u>	<u>5,791,629</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
6 Trade and Other Payables		
Current		
Distributions Payable	55,481	3,350
Loan from Trustee	5	5
	55,486	3,355
7 Other Liabilities		
Current		
Accrued Charges	9,952	8,154
	9,952	8,154
8 Net Assets Attributable to Unitholders		
Opening Balance	5,805,865	4,171,952
Applications	2,127,725	2,799,854
	7,933,590	6,971,806
Redemptions	(1,076,166)	(512,805)
Increase(Decrease) in Net Assets attributable to Unitholders	484,809	(653,136)
	7,342,233	5,805,865

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DIRECTORS' DECLARATION

The directors of Theta Asset Management Ltd (the trustee company) declare that:

- 1 The special purpose financial statements and notes present fairly the unit trust's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) to the extent described in Note 1 to the financial statements; and
- 2 In the directors' opinion, there are reasonable grounds to believe that the unit trust 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 of the trustee company.

Director: 
Robert Marie

Dated this24th..... day of September 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF THE DUAL MOMENTUM FUND
FORMERLY, MEME AUSTRALIAN SHARE FUND**

Opinion

We have audited the financial report, being a special purpose financial report of The Dual Momentum Fund (the Fund), formerly, Meme Australian Share Fund, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of cashflows and the statement of changes in equity for the year then ended, notes to the financial statements including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for Opinion

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

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors of the Trustee's financial reporting responsibilities under the Fund's trust deed. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF THE DUAL MOMENTUM FUND
FORMERLY, MEME AUSTRALIAN SHARE FUND
(continued)**

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management of the Trustee is responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 1 to the financial statements, is appropriate to meet the requirements of the Fund's trust deed and is appropriate to meet the needs of the unitholder.

Management of the Trustee's responsibility also includes such internal controls as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

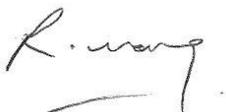
In preparing the financial report, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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 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 the financial report.

Calibre Partners Pty Limited



Roger Wong
Director

Dated this 24th day of September 2018.