

**FORAGER WHOLESALE
VALUE FUND**

ARSN 110 619 488

**FINANCIAL REPORT
FOR THE FINANCIAL
YEAR ENDED
30 JUNE 2017**

FORAGER WHOLESALE VALUE FUND
ARSN 110 619 488
FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2017

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FORAGER WHOLESALE VALUE FUND
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RESPONSIBLE ENTITY'S REPORT

The Directors of Macro Capital Limited (ABN: 14 145 321 928) the Responsible Entity of the Forager Wholesale Value Fund ("the Fund") present their report together with the financial report of the Fund for the year ended 30 June 2017 and the auditor's report thereon.

Responsible Entity

Macro Capital Limited ("the responsible entity") is an unlisted public company incorporated under the *Corporations Act 2001* and holds an Australian financial services licence.

Directors

The names of the directors of the responsible entity during or since the end of the year are:

Name	Period of Directorship
Stephen Robert Dixon	20/07/10 – Present
Peter MacArthur Morrison	20/07/10 – Present
David James Renton	12/11/15 – Present

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

Scheme Information

The Fund is an Australian registered scheme and was constituted on 2 September 2004. The Responsible Entity of the Fund is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at:

Unit 2, 55 Salvado Road
SUBIACO WA 6008

Forager Funds Management Pty Ltd is the Investment Manager for the Fund.

The Fund's custodian is Bond Street Custodians Limited and the administrator of the Fund is Macro Fund Services Pty Ltd.

Results

The results of operations of the Fund are disclosed in the Statement of Profit or Loss. The profit attributable to unitholders before finance costs was as follows:

2017	2016
\$'000	\$'000
5,952	4,270

The Directors are satisfied that the performance of the Fund reflects the investment strategies implemented in order to achieve the Fund's investment objectives.

FORAGER WHOLESALE VALUE FUND
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RESPONSIBLE ENTITY'S REPORT

Distributions

Distributions paid or payable in respect of the financial year were:

	2017		2016	
	\$'000	\$ per unit	\$'000	\$ per unit
30 September - Distribution paid	403	0.0250	398	0.0250
31 December – Distribution paid	449	0.0250	398	0.0250
31 March - Distribution paid	462	0.0250	392	0.0250
30 June - Distribution payable (including reinvested units)	2,979	0.1659	3,163	0.1993
Total Distributions	4,293	0.2409	4,351	0.2743

Significant Changes in the State of Affairs

There have been no significant changes in the Fund's state of affairs during the financial year.

Principal Activities

The Fund is a registered managed investment scheme domiciled in Australia. The principal activity of the Fund is to invest funds in accordance with the investment objectives and guidelines set out in its current Product Disclosure Statement and in accordance with the provisions of its Constitution.

A concentrated investment portfolio is maintained to balance the return and risk objectives of the Fund. In accordance with these investment objectives, the Fund principally invests in Australian securities and financial products. There has been no significant change in the nature of these activities during the financial year.

Subsequent Events

There have been no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

Likely Developments and Expected Results

The investment strategy of the Fund will be maintained in accordance with the Fund Constitution and investment objectives as detailed in the most recent Product Disclosure Statement.

Further details of likely future developments in the operations of the Fund and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Fund.

Environmental Regulation

The Fund's operations are not regulated by any significant Commonwealth or State environmental regulations or laws. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Units on Issue

The movement in units on issue of the Fund for the year were as follows:

	2017	2016
	No'000	No'000
Units on issue at the beginning of the year	15,929	16,098
Units issued	4,142	1,287
Units issued under distribution reinvestment plan	193	67
Units redeemed	(2,131)	(1,523)
Units on issue at the end of the year	18,133	15,929

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RESPONSIBLE ENTITY'S REPORT

Fund Assets

	2017	2016
	\$'000	\$'000
Value of total Fund assets as at 30 June	28,475	24,063
Net asset value as at 30 June	25,657	20,784

The basis for valuation of the assets is disclosed in Note 2 to the financial statements.

Fees Paid to the Responsible Entity

	2017	2016
	\$'000	\$'000
Management fee	300	267
Expense recovery fee	-	-
	300	267

Options Granted

No options were granted:

- (i) over unissued units in the Fund during or since the end of the financial year; or
- (ii) to the responsible entity.

No unissued units in the Fund were under option as at the date on which this report was made.

No units were issued in the Fund during or since the end of the financial year as a result of the exercise of an option over unissued units in the Fund.

Indemnification and Insurance of Directors, Officers and Auditors

No indemnities are in place for any directors, officers or auditors of the Fund. The Responsible Entity has paid insurance premiums during the financial year in respect of the directors and officers of the Responsible Entity.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to (Rounding in Financial / Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Proceedings on Behalf of Company

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

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

FORAGER WHOLESALE VALUE FUND
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RESPONSIBLE ENTITY'S REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 7.

No officer or director of the responsible entity is or has been a partner/director of any auditor of the Fund.

This report of the Directors of the Responsible Entity is signed in accordance with a resolution of the Board of Directors.



Stephen Robert Dixon
Director
PERTH
11 September 2017



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Macro Capital Limited, the responsible entity of Forager Wholesale Value Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Forager Wholesale Value Fund for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.




Grant Robinson
Partner

Perth
11 September 2017

FORAGER WHOLESALE FUND
ARSN: 110 619 488
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$'000	\$'000
Investment income			
Dividends and distributions		730	517
Interest income		48	41
Net gain/(loss) from financial instruments through profit or loss		5,476	3,979
Other income		-	-
Net investment income		6,254	4,537
Operating expenses			
Responsible Entity fees	11(d)	(300)	(267)
Administration Fees		(2)	-
Total operating expenses		(302)	(267)
Net profit before finance costs		5,952	4,270
Finance costs			
Distribution to unitholders		(4,293)	(4,351)
(Decrease)/increase in net assets attributable to unitholders of redeemable units before tax		1,659	(81)

The notes on pages 12 to 30 are an integral part of these financial statements.

FORAGER WHOLESALE VALUE FUND
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Cash and cash equivalents	4	3,551	4,549
Financial assets at fair value through profit or loss	5	24,918	19,462
Balances due from brokers (sale transactions awaiting settlement)	6	-	44
Other receivables	6	6	8
Total assets		28,475	24,063
 Liabilities			
Distribution payable	8	2,768	3,090
Accounts payable	7	30	24
Other payables	7	20	-
Balances due to brokers (purchase transactions awaiting settlement)	7	-	165
Total liabilities (excluding net assets attributable to unitholders)		2,818	3,279
Net assets attributable to unitholders		25,657	20,784
 Represented by:			
Net assets attributable to unitholders (calculated in accordance with redemption requirements)		25,826	20,993
Adjustment from close-market prices to bid-market prices		(169)	(209)
Net assets attributable to unitholders	9(a)	25,657	20,784

The notes on pages 12 to 30 are an integral part of these financial statements.

FORAGER WHOLESALE VALUE FUND
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

The scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the scheme has no equity, and no items of changes in equity have been presented for the current or comparative year.

The notes on pages 12 to 30 are an integral part of these financial statements.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
Cash flow from operating activities			
Dividends/distributions received		730	517
Interest received		50	43
Other income		-	-
Responsible Entity fees		(293)	(264)
Administration fees		(2)	-
Net cash provided by operating activities	10	<u>485</u>	<u>296</u>
Cash flow from investing activities			
Proceeds on disposal of financial assets designated as at fair value through profit or loss		9,653	13,093
Purchase of financial assets designated as at fair value through profit or loss		(9,755)	(9,563)
Net cash provided by investing activities		<u>(102)</u>	<u>3,530</u>
Cash flow from financing activities			
Applications received		6,445	1,994
Payment for redemption of units		(3,211)	(2,213)
Distributions paid		(4,615)	(2,210)
Net cash used in financing activities		<u>(1,381)</u>	<u>(2,429)</u>
Net increase / (decrease) in cash and cash equivalents		(998)	1,397
Cash and cash equivalents at beginning of financial year		<u>4,549</u>	<u>3,152</u>
Cash and cash equivalents at end of the financial year	4	<u>3,551</u>	<u>4,549</u>

The notes on pages 12 to 30 are an integral part of these financial statements.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: BASIS OF PREPARATION

Forager Wholesale Value Fund (“the Fund”) is an unlisted registered managed investment scheme under the *Corporations Act 2001*, established and domiciled in Australia. The Fund’s units are not traded in a public market and it does not file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

The Fund is an open-ended investment fund primarily involved in investing in securities issued by companies listed on the Australian Stock Exchange (ASX) with the objective of providing unitholders with positive returns over the medium to long term.

The investment activities of the Fund are managed by Forager Funds Management Pty Ltd (the Investment Manager) and the administration of the Fund is provided by Macro Fund Services Pty Ltd (the Administrator).

Macro Capital Limited, which is the responsible entity of the Fund, is an unlisted public company incorporated under the *Corporations Act 2001*.

This financial report of the Fund is for the year ended 30 June 2017 and was authorised for issue in accordance with a resolution of the Directors of Macro Capital Limited (“the Responsible Entity”) (ABN: 14 145 321 928) on 11 September 2017.

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* and the Fund’s Constitution. The Fund is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Impact of the adoption of new and amended Accounting Standards

The adoption of all new and revised standards and interpretations issued by the AASB effective for periods commencing 1 July 2016 have not resulted in any material changes to the Fund's accounting policies and have no effect on the amounts reported for the current or for prior periods.

(a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are recognised at trade date, which is the date on which the Fund becomes a party to the contractual provisions to the instruments. Financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit and loss are initially measured at fair value, with transaction costs recognised in the profit and loss. Financial assets or financial liabilities not at fair value through profit or loss, are initially measured at fair value plus transaction costs, directly attributable to its acquisition or issue.

Classification and subsequent measurement

The Fund classifies financial assets and financial liabilities into the following categories:

- i) Financial assets at fair value through profit or loss*
Financial assets are classified at 'fair value through profit or loss' when they are either for the purpose of short-term profit taking, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel of the Responsible Entity on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.
- ii) Financial assets at amortised cost*
Loans and receivables: Cash and cash equivalents, sales transactions awaiting settlement are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.
- iii) Financial liabilities at amortised cost*
Other liabilities: Purchase transactions awaiting settlement and redeemable units are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process as well as when the financial liability is derecognised.

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or in its absence, the most advantageous market to which the Fund has access at that date.

When available, the Fund measures the fair value of an instrument using the bid price quoted in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If the bid price is unavailable, then the Fund applies valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest rate method*;
- and
- less any reduction for impairment.

The *effective interest rate method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revision to expected future net cash flows will necessitate any adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The fair value of units in managed investment schemes is determined by reference to the unit price at the close of business on the Statement of Financial Position date being the Net Asset Value as established by the underlying Fund's Responsible Entity.

Gains or losses on investments are recognised in the Statement of Profit or Loss. Investments of the Fund which are considered to be equity securities, units in managed investment schemes, derivatives and some interest bearing securities which have been acquired principally for the purpose of selling in the near term.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment

At each reporting date, the Fund assesses whether there is objective evidence that a financial instrument has been impaired. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. Where carrying value exceeds the recoverable amount, a write down is made to the Statement of Profit or Loss. During the year to 30 June 2017, no impairment losses were recognised.

Derecognition of financial assets

The Fund derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

Derecognition of financial liabilities

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue and income recognition

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

Interest revenue is recognised using the effective interest rate method. Dividend revenue is recognised when the right to receive a dividend has been established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the Statement of Profit or Loss.

Net gains or losses on investments designated as at fair value through profit or loss are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point.

(c) Cash and cash equivalents

Cash and cash equivalents comprise of deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in its fair value and are used by the Fund in the management of short term commitments.

(d) Receivables

Receivables include accrued dividend and distribution income, accrued income on interest-bearing securities and securities sold where settlement has not yet occurred.

Dividends are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 60 days of being recorded as receivables.

(e) Accounts payable

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at reporting date.

(f) Distributions and taxation

Under current legislation, the Fund is not subject to income tax as the taxable income (including assessable realised capital gains) is included in the assessable income of the investors.

In accordance with the Product Disclosure Statement and Constitution, the Fund will endeavour to distribute the distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the taxable income of the Fund.

(g) Net assets attributable to unitholders

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax deferred income, accrued income not yet assessable and non-deductible expenses is reflected in the profit and loss as changes in net assets attributable to unitholders. These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Redeemable units

The redeemable units are classified as financial liabilities and are measured at the present value of the redemption amounts (see Note 9).

(i) Determination of application and redemption prices

The application and redemption prices are determined by the value of net assets attributable to unitholders which is the value of assets of the Fund less their liabilities other than liabilities representing rights attaching to units, divided by the number of units on issue and adjusted for estimated transaction costs, as outlined in the Fund's Constitution and Product Disclosure Statement.

(j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition or as part of the expense item as applicable; and
- ii. when receivables and payables are stated with the amount of GST included.

Reduced input tax credits (RITC) recoverable by the Fund from the Australian Tax Office are recognised as a receivable in the Statement of Financial Position.

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

(k) Use of judgments and estimates

The preparation of the Fund's financial statement requires Directors of the Responsibility Entity to make judgments, 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. Revisions to estimates are recognised prospectively.

Fair value of financial instruments

When the fair value of financial assets recorded in the Statement of Financial Position cannot be derived from active markets, it is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Refer to Note 5 for additional information on determination of fair values at 30 June 2017.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Capital management

The Responsible Entity manages net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily/weekly basis due to changes in the value of assets held and because the Fund is subject to weekly applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of weekly applications and redemptions relative to the liquid assets in the Fund.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Fund is not subject to any externally imposed capital requirements.

(m) New Accounting Standards for application in future periods

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2017 and earlier application is permitted; however, the Fund has not early applied the following new or amended standards in preparing these financial statements. The only new standard relevant to the Fund is IFRS 9 *Financial Instruments*, which is discussed below. The Fund does not plan to adopt IFRS 9 early.

- IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

- IFRS 15 *Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.
- IFRS 16 *Leases* is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of this Standard. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Rounding of amounts

The Fund is an entity of the kind referred to (Rounding in Financial / Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(o) Functional and Presentation Currency

The Fund's functional and presentation currency is the Australian Dollar, which is the currency of the primary economic environment in which they operate. The Fund's performance is evaluated and its liquidity is managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(p) Expenses

Responsible Entity fees are recognised in the profit or loss on an accruals basis.

(q) Finance Costs

Distributions paid and payable on units are recognised in the Statement of Profit or Loss as finance costs and as a liability until paid. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Fund has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional Statement of Financial Position as at the beginning of the earliest comparative period is disclosed.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$'000	\$'000
NOTE 3: AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Fund for:		
Auditing the financial report	10	9
	<u>10</u>	<u>9</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand and at bank	754	601
Cash on deposit	2,797	3,948
	<u>3,551</u>	<u>4,549</u>

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

Balance per the Statement of Cash Flows	3,551	4,549
Reconciling items	-	-
Balance per the Statement of Financial Position	<u>3,551</u>	<u>4,549</u>

NOTE 5: OTHER FINANCIAL ASSETS

Financial assets at fair value through profit or loss	<u>24,918</u>	<u>19,462</u>
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(a) Financial assets at fair value through profit or loss

Listed equities and managed investment schemes

Equities	24,918	19,462
Total	<u>24,918</u>	<u>19,462</u>

(b) Fair value of financial instruments

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices (level 1), those involving valuation techniques where all the model inputs are observable in the market (level 2) and those where the valuation technique involves the use of non-market observable inputs (level 3).

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: OTHER FINANCIAL ASSETS (CONT'D)

	Valued at Quoted market price (Level 1) \$'000	Valuation technique-market observable inputs (Level 2) \$'000	Valuation technique- non-market observable inputs (Level 3) \$'000
30 June 2017			
<i>Financial assets designated at fair value through profit or loss</i>			
Listed equity securities	24,918	-	-
	<u>24,918</u>	<u>-</u>	<u>-</u>
30 June 2016			
<i>Financial assets designated at fair value through profit or loss</i>			
Listed equity securities	19,462	-	-
	<u>19,462</u>	<u>-</u>	<u>-</u>

NOTE 6: BALANCES DUE FROM BROKERS AND OTHER RECEIVABLES

	2017 \$'000	2016 \$'000
Balances due from brokers (sale transactions awaiting settlement)	-	44
Other receivables	6	8
	<u>6</u>	<u>52</u>

NOTE 7: BALANCES DUE TO BROKERS AND OTHER ACCOUNT PAYABLES

Balances due to brokers (purchase transactions awaiting settlement)	-	165
Due to trade administrator	2	-
Due to Responsible Entity	28	24
Other payables (application pending)	20	-
	<u>50</u>	<u>189</u>

NOTE 8: DISTRIBUTIONS PAYABLE

Prior year accrual	3,090	949
Distributions paid in the year	(4,615)	(2,210)
Distributions to unitholders	4,293	4,351
	<u>2,768</u>	<u>3,090</u>

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Changes in net assets attributable to unitholders	2017	2016
	\$'000	\$'000
Net assets attributable to unitholders at beginning of the year	20,784	21,084
Changes in net assets attributable to unitholders resulting from operations	1,659	(81)
Unitholders' contributions/redemptions		
Units issued as cash application	6,146	1,905
Units issued under the distribution reinvestment plan	279	89
Units redeemed	(3,211)	(2,213)
Net assets attributable to unitholders at end of the year	<u>25,657</u>	<u>20,784</u>
	2017	2016
	No '000	No '000
(b) Units on issue		
Units on issue as at the beginning of the year	15,929	16,098
Units issued as cash application	4,142	1,287
Units issued as distribution reinvestment	193	67
Units redeemed	(2,131)	(1,523)
Units on issue as at the end of the year	<u>18,133</u>	<u>15,929</u>
	\$	\$
(c) Net assets attributable to unitholders per unit	<u>1.4150</u>	<u>1.3048</u>

Redeemable Units

The rights attaching to the redeemable units are as follows.

- The units may be redeemed weekly at the redemption price (Net Asset Value/Units on Issue less transaction costs) per unit. However, the Responsible Entity may elect to calculate unit prices more or less frequently or more than once for a particular Business Day.
- The net asset value is calculated by subtracting from the assets of the Fund (which include all investments and other assets of the Fund) all liabilities of the Fund. The assets and liabilities are valued as follows:
 - For assets and liabilities quoted in an active market – using the last traded price on the valuation date; and
 - For other assets and liabilities – using probable realisation value estimated with care and good faith.
- Redeemable units carry a right to receive notice of, attend and vote at general meetings.
- The holders of redeemable units are entitled to receive all distributions declared and paid by the Fund. The Fund may distribute income, if any, on a quarterly basis.
- On winding-up, the holders are entitled to a return of capital based on the realisation value of the underlying assets less any liabilities.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

Notwithstanding the redeemable unitholders' rights to redemptions as above, the Fund has the right, as set out in the Constitution, to suspend withdrawals in order to manage redemption levels and maintain adequate liquidity.

NOTE 10 NOTES TO THE STATEMENT OF CASH FLOWS

	2017	2016
	\$'000	\$'000
(i) Reconciliation of net cash provided by operating activities to net profit		
Net profit before finance costs	5,952	4,270
Add/(less) non-cash items:		
Net (gain)/loss from financial instruments through profit or loss	(5,476)	(3,979)
Changes in assets and liabilities during the financial year:		
Decrease/(increase) in receivables	3	5
(Decrease)/increase in payables	6	-
Net cash provided by operating activities	485	296
(ii) Non-cash investing and unitholder activities	Units	Units
	'000	'000
Units created in the Fund under reinvestment plan	193	278
	67	89

NOTE 11: RELATED PARTIES

Responsible Entity

The Responsible Entity of the Fund is Macro Capital Limited (ABN: 14 145 321 928). The Responsible Entity is an Australian Financial Services License holder.

Compensation of key management personnel of the Responsible Entity

(a) Details of key management personnel of the Responsible Entity

(i) Directors

Stephen Robert Dixon	Director	Appointed 20/07/10
Peter MacArthur Morrison	Director	Appointed 20/07/10
David James Renton	Director	Appointed 12/11/15

(ii) Other key management personnel

The Responsible Entity of the Fund is considered to provide key management personnel services with the authority for the strategic direction and management of the Fund.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: RELATED PARTIES (CONT'D)

(b) Compensation of key management personnel of the Responsible Entity

Principles of compensation

Compensation of the Directors of the Responsible Entity is paid directly by a related party of the Responsible Entity. The Directors of the Responsible Entity are not provided with any direct compensation by the Fund itself. Directors of the Responsible Entity are not entitled to any units or equity interests in the Fund, or any rights to or options for units or equity interests in the Fund, as a result of the compensation provided by the related party of the Responsible Entity.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of compensation provided to directors of the Responsible Entity and the management fees paid by the Fund to the Responsible Entity in accordance with the Fund Constitution and product disclosure statement.

(c) Related parties transactions

All related party transactions are conducted on normal commercial terms and conditions.

(i) Related party investment held by the Fund

The Fund has no investment in the Responsible Entity or other Funds of which Macro Capital Limited is also the Responsible Entity.

(d) Fees

The fees and costs charged by the Responsible Entity are as follows:

	2017	2016
	%	%
Fees and costs cap (excl. GST)	1.10	1.10

The Responsible Entity is entitled to receive a monthly management fee of 1.10% plus GST from the Fund. This amount is expressed as an annual percentage; however it will be applied on each valuation date taking into account the number of days in the valuation period and the net assets of the Fund.

As the total fee reported is based on the actual fees charged over the financial report period as applied to the actual net assets of the Fund on the last day of each valuation period, it is possible that the reported fee will exceed the maximum stated above. As detailed in the Product Disclosure Statement of the Funds, the limit above does not include transaction costs and amounts considered by the Responsible Entity to be abnormal expenses or extraordinary expenses.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: RELATED PARTIES (CONT'D)

The Responsible Entity receives all management fees and expense recovery fees that have been paid by the Fund for the year. The management fee is paid on a monthly basis. Total fees paid to the Responsible Entity during the year in the nature of expense recovery fees and management of the Fund were as follows:

	2017	2016
	\$'000	\$'000
Responsible Entity fees paid directly by the Fund	300	267

As at the Statement of Financial Position date the amounts owed to the Responsible Entity in relation to the management and expense recovery were as follows:

	2017	2016
	\$'000	\$'000
Due to Responsible Entity	28	24

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management

The Fund's assets principally consist of financial instruments which comprise quoted equity investments.

The Responsible Entity is responsible for identifying and controlling risks within the Fund. It monitors and controls risks based on limits which have regard for the Fund's business strategy, market environment and the level of the risk that the Fund is willing to accept.

The Fund's investment guidelines set out its overall business strategies, its tolerance for risk and its general risk management philosophy. These risks include financial risks such as market risks (including currency risk, price risk and fair value interest rate risk), credit risk and liquidity risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and monitored using sensitivity analysis and through all investment activities being undertaken in accordance with established mandate limits and investment strategies.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Fund is also exposed to earnings volatility on floating rate instruments.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONT'D)

A summary of the scheme's exposure to interest rate is as follows:

	Less than 1 month	Total
30 June 2017		
Assets		
Cash and cash equivalents	3,551	3,551
Total assets	3,551	3,551
	Less than 1 month	Total
30 June 2016		
Assets		
Cash and cash equivalents	4,549	4,549
Total assets	4,549	4,549

The following table demonstrates the potential sensitivity of the Fund's Statement of Profit or Loss to a reasonably possible change in interest rates, with all other variables held constant. The analysis only considers the impact on cash flow in relation to the impact on income from variable rate cash and cash equivalent investments held as at 30 June of the relevant year. It does not make an assessment of the impact on fair value of fixed rate instruments held.

The sensitivity analysis is based on the variable rate cash and cash equivalent investments held directly by the Fund as at reporting date. However, interest rates and the balance of variable rate cash and cash equivalent investments of the Fund did not remain constant throughout the financial year and therefore the actual results may differ from the sensitivity below.

Interest rate sensitivity

	Changes in Basis Points	Profit \$'000	Equity \$'000
Year Ended 30 June 2017	50/(50)	18/(14)	18/(14)
Year Ended 30 June 2016	50/(50)	23/(20)	23/(20)

Price risk

Price risk is the risk that the total value of the investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, the issuer or all factors affecting all instruments traded in the market. The Fund manages price risk by investing in a range of securities in accordance with its investment strategy as outlined in the Product Disclosure Statement.

The Fund has investments in equity securities, unit trusts and fixed interest securities which expose the Fund to price risk. The investment manager manages the Fund's market risk on a daily/weekly basis in accordance with the Fund's investment objectives and policies.

As the Fund's financial instruments are carried at fair value, with changes in fair value recognised in the Statements of Profit or Loss, all changes in market conditions will directly affect investment incomes.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONT'D)

The effect on net assets attributable to unitholders and operating profit before distribution due to reasonably possible changes in market factors, with all other variables held constant is indicated in the table below. The sensitivity analysis is based on the directly held financial assets held at fair value by the Fund as at the reporting date. However, the Fund's financial assets held at fair value did not remain constant throughout the financial year and therefore as such, the actual results may differ from the sensitivity below.

Investment Type	2017		2016	
	Changes in Price %	Effect on Net Assets Attributable to Unitholders \$'000	Changes in Price %	Effect on Net Assets Attributable to Unitholders \$'000
Listed Investments	5/(5)	1,246/(1,246)	5/(5)	973/(973)

Concentration risk

There were no significant concentrations of price risk to any individual significant issuer or group of issuer at 30 June 2017 or 30 June 2016.

The Fund's concentration of price risk by the top three holdings of net assets attributable to unitholders are as follows:

	2017		2016
	%		%
Macmahon Holdings Limited	12	Service Stream Limited	12
Reckon Limited	9	Reckon Limited	8
NZME Limited	9	Macmahon Holdings Limited	8

The following table sets out concentration of the investment assets and liabilities held by the scheme as at the reporting date:

	2017	2016
	% of net assets	% of net assets
Equity investments:		
Listed equities	97.1	93.6
Total equity investments	<u>97.1</u>	<u>93.6</u>

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONT'D)

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. Credit risk primarily arises from:

- Financial assets held by the funds;
- Cash and cash equivalents; and
- Amounts due from brokers.

None of these assets are impaired nor past due but not impaired.

The Funds manages credit risk as follows:

- Credit risk on financial assets is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties.
- Credit risk on liquid funds is minimised as the counter parties are banks with high credit ratings; and
- Credit risk on amounts due from brokers is minimised by conducting settlements through an approved broker. Trades are settled only when both parties have fulfilled their contractual settlement obligations.

The Fund's cash and cash equivalents are held with Macquarie Group, Bankwest and NAB which are reputable Australian banks.

Balances due from brokers represent sale transactions awaiting settlement. Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised below.

	2017	2016
	\$'000	\$'000
Cash and cash equivalents	3,551	4,549
Interest, dividends and other receivables	6	52
Total	3,557	4,601

(d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund ensures, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stress conditions, including estimated redemption of units, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's investments in listed securities are considered to be readily realisable because they are traded on the Australian Stock Exchange (ASX). The Fund's overall liquidity risk is monitored on a weekly basis by the Responsible Entity. The Fund's redemption policy only allows for weekly redemptions. Under the terms of its Constitution, the Fund has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONT'D)

The Fund's liabilities consist of payables and amounts due to the Responsible Entity. These amounts are generally discharged within 15 days (2016: 15 days).

The Fund's liabilities have maturities which are summarised below:

	Within 1 Year		1 to 5 Years		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Distribution payable	2,768	3,090	-	-	2,768	3,090
Accounts payable	50	189	-	-	50	189
Total outflows	2,818	3,279	-	-	2,818	3,279

Financing arrangements

As at and during the financial year the Fund had no material finance facility.

(e) Fair values

The fair value of financial assets and liabilities held by the Fund must be estimated for recognition, measurement and / or disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Fund is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using common valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The carrying values (net of any applicable impairment provision) of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTE 13: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the Fund, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the Fund.

FORAGER WHOLESALE VALUE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2017.

NOTE 15: TERMS AND CONDITIONS ON UNITS

Each unit issued confers upon the unitholder an equal interest in a Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of a Fund. Unitholders have various rights under the Constitutions and the *Corporations Act 2001*, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unit are identical in all respects.

FORAGER WHOLESALE VALUE FUND
ARSN: 110 619 488
DIRECTOR'S OF RESPONSIBLE ENTITY DECLARATION

In accordance with a resolution of the directors, the directors of the responsible entity declare that:

- (a) The financial statements and notes of the Forager Wholesale Value Fund ("the Fund") that are set out on pages 8 - 30 are in accordance with the *Corporations Act 2001* and:
- i. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - ii. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Fund.
- (b) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the responsible entity made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the directors of the responsible entity



Stephen Robert Dixon
Director
PERTH
11 September 2017



Independent Auditor's Report

To the unitholders of Forager Wholesale Value Fund

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Forager Wholesale Value Fund (the Fund).

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

- giving a true and fair view of the Fund's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017
- Statement of profit or loss, Statement of changes in equity and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration of responsible entity.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Forager Wholesale Value Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the *Responsible Entity's report*.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other



Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Macro Capital Limited (the responsible entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Fund's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our Auditor's Report.




Grant Robinson
Partner

Perth, Western Australia

11 September 2017