

Caleo Global Flexible Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Caleo Global Flexible Fund IC Limited
Annual Report and Audited Financial Statements for the year ended 30 June 2020

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General Information

Address and Registered Office

PO Box 255
Trafalgar Court, Les Banques
St Peter Port, Guernsey
Channel Islands, GY1 3QL

Investment Manager

Caleo Capital (Pty) Ltd
Atlantic House
Glenhove Square
71 4th Street, Houghton
2198, South Africa

Distribution Partner

Caleo Capital (Pty) Ltd
Atlantic House
Glenhove Square
71 4th Street, Houghton
2198, South Africa

Manager

Momentum Wealth International Limited
La Plaiderie House
La Plaiderie
St Peter Port, Guernsey
Channel Islands
GY1 1WF

Custodian

Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port, Guernsey
Channel Islands
GY1 3DA

Directors of the Incorporated Cell

Robert Alastair Rhodes
Roxanne Power
Marie Curutchet
Ferdinand van Heerden (effective from 1 September 2019)

Administrator, Registrar & Secretary

Northern Trust International Fund Administration
Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port, Guernsey
Channel Islands
GY1 3QL

Legal Advisors

Carey Olsen
Carey House
Les Banques
St Peter Port, Guernsey
Channel Islands
GY1 4BZ

Independent Auditor

Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue
St Peter Port, Guernsey
Channel Islands
GY1 4AF

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Investment Manager's Report

The Caleo Global Flexible Fund is a global flexible fund that provides investors with a significant participation in equity markets, however, allows the manager to scale down to moderate or even lower equity market exposures when deemed fit. This Fund will use asset allocation on a tactical basis to take advantage of valuation opportunities in the markets. This has particularly been the case over recent periods where markets have seen increased volatility.

Over the past 12 months, the fund has produced returns that were in line with expectations as capital protection has been a driving force during these uncertain times. Volatility around Covid-19 has remained heightened, with large selloffs seen in March 2020. The recovery post these levels has been quick and seemingly effortless as large stimulus packages were the order of the day.

Over the period we significantly outperformed our market peers with the fund returning 4.99% net of all fees compared to a benchmark return of -1.08%, EAA USD flexible Allocation as per Morningstar.

Over the course of the year we have been active with the fund's asset allocation, making changes to ensure that the fund is best placed, in our opinion, to generate the necessary return and risk levels for our investors. We have favoured cash to de-risk in the past, however, looking forward we have introduced different manager styles to take advantage of the changing cycle while adding to return. During the March 2020 selloff we applied dollar cost averaging at strategic levels to help gain exposure to the market without having to try and time the bottom. This worked in our favour and is one of the major contributors to the outperformance of the benchmark.

Within the equity allocation of the fund, we have spent much of the year with significant exposure to the US rather than Europe in terms of first world exposure. We prefer the US as we feel that valuations are more attractive, and the possibility of further stimulus packages seems likely. There are however individual opportunities which are being used by the underlying manager to go after the European market. At the beginning of 2020 when Covid-19 began its relentless spread we opted for a more defensive strategy allocating funds to short duration bond opportunities. This helped protect the portfolio and smooth the volatility during the March 2020 selloff.

Looking forward, we are confident with the funds asset allocation and believe we will continue to generate returns above the benchmark.

Caleo Global Flexible Fund IC Limited

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Directors' Report

The Directors present their annual report together with the audited financial statements of Caleo Global Flexible Fund IC Limited (the "Incorporated Cell" or "Cell") for the year ended 30 June 2020.

Principal activities

The Cell with company number 56161 is a Guernsey registered, Limited Liability Incorporated Cell of Momentum Mutual Fund ICC Limited (the "Company"). The activities and objectives of the Cell can be found in note 1 on page 15.

COVID-19 assessment

The Directors have, at the time of approving the financial statements, assessed the potential impact of the COVID-19 global pandemic on the Cell. Refer to note 2 for the detailed disclosure.

Directors

The Directors of the Cell during the year and at the date of this report are set out on page 3.

Directors' interests

None of the Directors who held office during the year and at the date of this report had any disclosable interests in the shares of the Incorporated Cell.

Directors' responsibilities

The Directors are responsible for preparing the financial statements for each financial year, which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards, of the state of affairs of the Incorporated Cell and of the profit or loss of the Incorporated Cell for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Incorporated Cell will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Incorporated Cell and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and The Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Incorporated Cell and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Director is aware, there is no relevant audit information of which the Incorporated Cell's auditor is unaware and each Director has taken all the steps they ought to have as a Director to make themselves aware of any relevant audit information and to establish that the Incorporated Cell's auditor is aware of that information.

The Board of Directors confirms that, throughout the period covered by the financial statements, the Cell has complied with the Code of Corporate Governance issued by the Guernsey Financial Services Commission, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

The annual report together with the audited financial statements of the Incorporated Cell is published on the Manager's website. The Manager is responsible for the maintenance and integrity of the website; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may occur to the financial statements after they are initially presented on the website. The Directors appreciate there is uncertainty regarding legal requirements of information published on the internet as it is accessible in many countries and legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors

In June 2017, the Independent Regulatory Board of Auditors published a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation ("MAFR"), whereby audit firms shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive years, with effect from 1 April 2023.

The Board of Momentum Metropolitan Holdings Limited ("MMH"), together with its Audit Committee, has resolved to early adopt MAFR. As a consequence, PricewaterhouseCoopers Inc. rotated off the audit on conclusion of its external audit responsibilities for the year ended 30 June 2019, at the conclusion of MMH's annual general meeting held on 9 December 2019.

On 9 December 2019, Ernst & Young LLP, was appointed as Auditor to the Incorporated Cell in accordance with Article 31.1 of the Cell's Articles of Incorporation and section 258 of the Companies (Guernsey) Law, 2008.

Marie Curutchet
Director



18 December 2020

Robert Rhodes
Director



Caleo Global Flexible Fund IC Limited

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALEO GLOBAL FLEXIBLE FUND IC LIMITED

Opinion

We have audited the financial statements of Caleo Global Flexible Fund IC Limited (the "Incorporated Cell") for the year ended 30 June 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Shares, and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the Incorporated Cell's affairs as at 30 June 2020 and of the Incorporated Cell's profit for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards; and
- ▶ have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Incorporated Cell in accordance with the ethical requirements issued by the International Ethics Standards Board for Accountants that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Incorporated Cell's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the Incorporated Cell; or
- ▶ the financial statements are not in agreement with the Incorporated Cell's accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Caleo Global Flexible Fund IC Limited

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALEO GLOBAL FLEXIBLE FUND IC LIMITED (Continued)

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Use of our report

This report is made solely to the Incorporated Cell's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Incorporated Cell's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Incorporated Cell and the Incorporated Cell's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ernst & Young LLP
Guernsey, Channel Islands

 December 2020

Notes:

1. The maintenance and integrity of the Momentum Mutual Fund ICC Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Custodian's Report to the Members of Caleo Global Flexible Fund IC Limited (the "Incorporated Cell" or "Cell")

In our opinion, the Cell has, in all material aspects, been managed for the year ended 30 June 2020 in accordance with the provisions of the Principal Documents, Scheme Particulars and The Authorised Collective Investment Schemes (Class B) Rules 2013.



For and on behalf of
Northern Trust (Guernsey) Limited
18 December 2020

Caleo Global Flexible Fund IC Limited
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Supplementary Information

	30.06.20	30.06.19
1. NUMBER OF SHARES OUTSTANDING		
Class A	47,418,584	47,164,841
2. NET ASSET VALUE PER SHARE - USD		
Class A	1.33	1.27
3. HIGHEST/LOWEST PRICE - USD*		
Class A	1.34 / 1.07	1.35 / 1.12
4. NUMBER OF SHARES SUBSCRIBED		
Class A	1,403,090	4,487,515
5. NUMBER OF SHARES REDEEMED		
Class A	1,149,347	13,656,960

*The highest/lowest price is based on prices from prior year-end to current year-end, being the 30.06.2020. The NAV on the 30.06.2020 was specifically calculated for financial reporting purposes and therefore may differ slightly from the most recent published price at that time. No class B shares have been issued.

Caleo Global Flexible Fund IC Limited

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Portfolio Statement

	Holdings	Fair Value	% of Net Assets
		<u>USD</u>	
Financial assets at fair value through profit or loss			
Collective Investment Schemes 81.52% (2019: 80.70%)			
Asset allocation			
Prescient Global China Balanced Fund Class D	2,494,198	4,374,822	6.95
Total Asset Allocation		<u>4,374,822</u>	<u>6.95</u>
Equity Funds			
Fundsmith Equity Fund	3,073,582	19,160,626	30.42
Morgan Stanley Global Opportunity Fund Class Z	178,953	19,425,359	30.83
		<u>38,585,985</u>	<u>61.25</u>
Fixed Income Funds			
PIMCO Active Bond Exchange-Traded Fund	14,165	1,580,673	2.51
SphereInvest Global Credit Strategies Fund	30,404	5,060,805	8.03
Vanguard Short-Term Bond ETF	21,040	1,748,845	2.78
		<u>8,390,323</u>	<u>13.32</u>
Total Collective Investment Schemes		<u>51,351,130</u>	<u>81.52</u>
Financial assets at fair value through profit or loss		<u>51,351,130</u>	<u>81.52</u>
Other Net Assets: 18.48% (2019: USD11,548,978; 19.30%)		<u>11,640,428</u>	<u>18.48</u>
Net Assets Attributable to Holders of Participating Redeemable Shares		<u><u>62,991,558</u></u>	<u><u>100.00</u></u>

Caleo Global Flexible Fund IC Limited
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Statement of Financial Position

	Notes	Year ended 30.06.20 <u>USD</u>	Year ended 30.06.19 <u>USD</u>
ASSETS			
CURRENT ASSETS			
Financial assets at fair value through profit or loss	6	51,351,130	48,293,683
Cash and cash equivalents	7	11,753,340	11,625,907
Other receivables	8	502	500
		<u>63,104,972</u>	<u>59,920,090</u>
Total assets		<u>63,104,972</u>	<u>59,920,090</u>
LIABILITIES			
CURRENT LIABILITIES			
Due on redemption of participating redeemable shares		26,696	-
Other payables	9	86,618	77,329
Liabilities (excluding net assets attributable to holders of participating redeemable shares)		113,314	77,329
Net assets attributable to holders of participating redeemable shares	3 & 11	62,991,558	59,842,661
Total liabilities		<u>63,104,872</u>	<u>59,919,990</u>
SHAREHOLDERS' EQUITY			
Management Shares	10	100	100
Total equity		<u>100</u>	<u>100</u>
Total equity and liabilities		<u>63,104,972</u>	<u>59,920,090</u>
Net asset value per participating redeemable share			
Class A	11	1.33	1.27

The notes 1 to 16 on pages 15 to 24 form part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 December 2020 and signed on its behalf by:



Marie Curutchet
Director



Robert Rhodes
Director

Caleo Global Flexible Fund IC Limited
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Statement of Comprehensive Income

	Notes	Year ended 30.06.20 <u>USD</u>	Year ended 30.06.19 <u>USD</u>
INCOME			
Net realised gains on financial assets at fair value through profit or loss	6	2,538,754	2,922,727
Change in unrealised gains/(losses) on financial assets at fair value through profit or loss	6	1,412,009	(5,296,133)
Net gain/(loss) on financial assets at fair value through profit or loss		<u>3,950,763</u>	<u>(2,373,406)</u>
Deposit interest		14,756	46,370
Dividend income		261,687	217,252
Net settlement on derivatives and other foreign exchange losses		(470,088)	(75,970)
Total net income/(loss)		<u>3,757,118</u>	<u>(2,185,754)</u>
EXPENSES			
Audit fee		(10,072)	(8,126)
Custodian fee	13	(22,582)	(26,462)
Investment Management fee	13	(596,233)	(694,571)
Management and Administration fee	13	(193,626)	(218,502)
Sundry expenses		(6,149)	823
Total operating expenses		<u>(828,662)</u>	<u>(946,838)</u>
Net profit/(loss) before tax		2,928,456	(3,132,592)
Withholding tax		(36,143)	(6,584)
Increase/(decrease) in net assets attributable to holders of participating redeemable shares from operations		<u>2,892,313</u>	<u>(3,139,176)</u>

All items in the above statement derive from continuing operations. There is no difference between the increase/(decrease) in net assets attributable to holders of participating redeemable shares and comprehensive income.

The notes 1 to 16 on pages 15 to 24 form part of these financial statements.

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Statement of Cash Flows

	Year ended 30.06.20	Year ended 30.06.19
	<u>USD</u>	<u>USD</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Increase/(decrease) in net assets attributable to holders of participating redeemable shares from operations	2,892,313	(3,139,176)
ADJUSTMENTS FOR:		
Net realised gains on financial assets at fair value through profit or loss	(2,538,754)	(2,922,727)
Net unrealised (gains)/losses on financial assets at fair value through profit or loss	(1,412,009)	5,296,133
Net settlement losses on derivatives and other foreign exchange	470,088	75,970
Deposit interest	(14,756)	(46,370)
Dividend income	(261,687)	(217,252)
Withholding tax	36,143	6,584
Operating loss before working capital changes	<u>(828,662)</u>	<u>(946,838)</u>
Net (increase)/decrease in other receivables	(2)	20
Net increase/(decrease) in other payables	9,289	(21,713)
Purchase of financial assets at fair value through profit or loss	(49,919,696)	(1,750,543)
Sale of financial assets at fair value through profit or loss	50,813,012	21,686,405
Dividend received	225,544	210,668
Deposit interest	14,756	46,370
Net cash generated from operating activities	<u>314,241</u>	<u>19,224,369</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issuance of participating redeemable shares	1,686,706	5,940,420
Cash paid on redemption of participating redeemable shares	(1,403,426)	(17,394,795)
Net cash generated from/(used in) financing activities	<u>283,280</u>	<u>(11,454,375)</u>
Net increase in cash and cash equivalents	597,521	7,769,994
Cash and cash equivalents at the beginning of the year	11,625,907	3,931,883
Exchange losses on derivatives and other foreign exchange	(470,088)	(75,970)
Cash and cash equivalents at the end of the year	<u><u>11,753,340</u></u>	<u><u>11,625,907</u></u>

The notes 1 to 16 on pages 15 to 24 form part of these financial statements.

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Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Shares

	Notes	Year ended 30.06.20 <u>USD</u>	Year ended 30.06.19 <u>USD</u>
Net assets attributable to holders of participating redeemable shares at the beginning of the year		59,842,661	74,436,212
Proceeds from issuance of participating redeemable shares	10	1,686,706	5,940,420
Payments on redemption of participating redeemable shares	10	(1,430,122)	(17,394,795)
Increase/(decrease) in net assets attributable to holders of participating redeemable shares from operations		<u>2,892,313</u>	<u>(3,139,176)</u>
Net assets attributable to holders of participating redeemable shares at the end of the year	11	<u>62,991,558</u>	<u>59,842,661</u>

The notes 1 to 16 on pages 15 to 24 form part of these financial statements.

Caleo Global Flexible Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

1. General information

The Caleo Global Flexible Fund IC Limited (the "Incorporated Cell" or "Cell") with company number 56161, is a Guernsey registered, Limited Liability Incorporated Cell of the Momentum Mutual Fund ICC Limited (the "Company").

The primary objective of the Cell is capital appreciation in real terms over the investment horizon. The Cell is ideally suited to investors with a moderate to aggressive risk tolerance (measured in the base currency of the Cell) over an investment cycle of five year or longer. The diversified portfolio invests into a wide range of asset classes including cash, fixed income, equities, property, commodities and alternative investment strategies. As this portfolio is global in nature, exposure will be taken in a wide range of currencies and markets.

The Cell intends to achieve its investment objective through a diversified global portfolio that invests, via other collective investment funds, exchange traded funds and transferable securities across a broad range of asset classes and currencies in varying proportions over time. These classes include international equities, bonds, alternative strategies, property, money market instruments, commodities and multi asset portfolios.

The Cell's investment activities are managed by Momentum Wealth International Limited (the "Manager"), with the investment management delegated to Momentum Global Investment Management Limited (the "Investment Manager") and Caleo Capital (Pty) Ltd acting as Sub-Investment Manager.

On 19 June 2020, amendments were made to the Supplemental Cell Prospectus of Caleo Global Flexible Fund Cell, implementing the following changes with effect from that date:

- Equity securities to be considered for inclusion in the Cell must be listed on exchanges that have obtained full membership of the World Federation of Exchanges or be listed on exchanges that have been subject to the due diligence guidelines prescribed in Board Notice 90 of 2014, Chapter VI or listed on exchanges (such as the New York and London Stock Exchanges) approved for this purpose by the FSCA.

- The Cell shall not have more than a 10% exposure of the Cell's NAV into any single transferable security. In the case of investments in transferable securities issued by companies with a market capitalisation of less than USD 1 billion at the time of purchase, this limit is reduced to 5%.

The Financial Statements were authorised for issue by the Board of Directors on 18 December 2020.

2. Summary of significant accounting policies

The principal accounting policies detailed below have been consistently applied in the preparation of the financial statements.

2.1 Basis of preparation

The financial statements for the Incorporated Cell have been prepared on a going concern basis, in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments).

The COVID-19 pandemic and the resultant uncertain economic environment and financial market volatility caused by it has created uncertainty in the operating environment of the Cell. All service providers have continued to operate effectively throughout the relevant COVID-19 local government restrictions. No concerns regarding liquidity, valuations or COVID-19 service provider issues have been identified that cause the Board to have any concern regarding the ongoing operation of the Cell or that require any changes to the Financial Statements of the Cell.

Notwithstanding the challenges arising from the impact of the COVID-19 virus, the Cell continues to operate, administer and price the Funds in accordance with regulatory requirements and in accordance with relevant accounting standards. The Cell will continue to monitor fund liquidity and market volatility to ensure Funds are managed in the best interests of shareholders.

At the time of approving the financial statements, the Board has assessed redemption levels and there have been no significant redemptions.

After careful consideration the Board are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Cell will continue in existence as a going concern.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are disclosed in note 4 of the Incorporated Cell's financial statements. It also requires the Board of Directors to exercise its judgement in the process of applying the Incorporated Cell's accounting policies.

The Directors have adopted a policy of applying new standards and interpretations when they become effective.

2.2 Adoption of new and revised standards

Standards, amendments and interpretations effective during the year

The following accounting standards, amendments and interpretations became effective for the first time this year:

- (a) IFRS 16 Leases (effective date – 1 January 2019)
- (b) Definition of Material (Amendments to IAS 1 and IAS 8)(effective date –1 January 2020)
- (c) Prepayment Features with Negative Compensation (Amendments to IFRS 9)(effective date – 1 January 2019)
- (d) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)(effective date –1 January 2020)

(a) IFRS 16 Leases

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

IFRS 16 contains expanded disclosure requirements for lessees.

The adoption of IFRS 16 had no material impact on the net assets attributable to holders of ordinary redeemable shares of the Incorporated Cell as the Cell is not party to any lease arrangements.

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Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and revised standards (continued)

(b) (Amendments to IAS 1 and IAS 8) Definition of Material

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The adoption of above amendments to IAS1 and IAS8 had no material impact on the net assets attributable to holders of ordinary redeemable shares of the Cell.

(c) (Amendments to IFRS 9) Prepayment Features with Negative Compensation

The IASB published Prepayment Features with Negative Compensation (Amendments to IFRS 9) to address the concerns about how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets.

The amendments address changes regarding symmetric prepayment options and clarification regarding the modification of financial liabilities.

Changes regarding symmetric prepayment options

Management assessed the above and concluded the amendments have no effect on the Cell's Financial Statements as the Cell does not have any prepayable financial assets or interest-bearing financial liabilities that may require measurement modification.

(d) (Amendments to IFRS 9, IAS 39 and IFRS 7) Interest Rate Benchmark Reform - effective 1 January 2020

The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

- The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.

- In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The Board anticipates that the adoption of this standard, which will be adopted for the year ending 30 June 2021, will not have a material impact on the financial statements of the Incorporated Cell.

Standards, amendments and interpretations that are not yet effective

The following new standards, amendments and interpretations are not yet effective but will be applied, where relevant. Where EU effective date differs from the IASB effective date, these are explained below:

IFRS 17 - Insurance Contracts - Effective from 1 January 2023.

The Board anticipates that the adoption of this standard, which will be adopted for the year ending 30 June 2022, will not have a material impact on the financial statements of the Cell, on the basis that the Cell has not entered into any insurance contracts.

2.3 Foreign currency translation

(a) Functional and presentation currency

The currency in which the financial information is shown in the financial statements of the Cell is deemed to be its functional and presentational currency. In arriving at the functional currency, the Directors have considered the primary economic environment of the Cell, and in doing, so have considered the currency in which the original capital was raised, any distributions are to be made, performance is evaluated and ultimately, the currency in which capital would be returned on break up basis. They have also considered the currency to which the majority of the underlying investments are exposed and liquidity is managed. The Directors are of the opinion that the currency selected best represents the functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Statement of Comprehensive Income within the fair value net gain or loss.

2.4 Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Incorporated Cell classifies its investments in Collective Investment Schemes as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified by the Board of Directors at fair value through profit or loss at inception. The Incorporated Cell does not classify any derivatives as hedges in a hedging relationship. Financial assets and financial liabilities are designated at fair value through profit or loss at inception, are managed, and their performance evaluated on a fair value basis in accordance with the Incorporated Cell's documented investment strategy. The Incorporated Cell's policies are for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date of the underlying security, so long as the underlying transaction has been confirmed by the relevant counterparty as at the Statement of Financial Position date. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Incorporated Cell has transferred substantially all risks and rewards of ownership.

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Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities at fair value through profit or loss (continued)

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income of the Incorporated Cell. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise.

(d) Fair value estimation

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. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Cell adopted to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. As a practical expedient to establish fair value within the bid-ask spread, management will use mid-market pricing. The market price used for assets which are not traded in active markets are those as supplied by their Fund administrators.

2.5 Offsetting financial instruments

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

2.6 Forward currency contracts

Forward foreign currency contracts are treated as derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The gain or loss on remeasurement to fair value is recognised immediately through profit or loss in the Statement of Comprehensive Income within other losses and gains in the period in which they arise.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and bank

2.8 Other financial instruments

For other financial instruments, including amounts due to and from brokers and all receivables and payables, the carrying amounts as shown in the Statement of Financial Position approximate to fair value due to the short-term nature of these financial instruments.

2.9 Share capital

The Incorporated Cell has an authorised share capital of 100 Management shares of GBP1.00 each and an unlimited number of no par value participating redeemable shares.

(a) Management shares

Management shares were issued to comply with Guernsey Company Law, prior to its revision in 2008, under which there had to be a class of non redeemable shares in issue in order that participating redeemable shares may be issued. The management shares are beneficially owned by the Manager, do not carry any right to dividends, are only entitled to vote at shareholder meetings where there are no participating redeemable shares in issue within the Incorporated Cell and are only entitled to return of capital on the winding up of the Incorporated Cell.

The Incorporated Cell has issued 2 management shares.

(b) Participating redeemable shares

The Incorporated Cell's capital is represented by participating redeemable shares with no par value each carrying one vote.

The participating redeemable shares are redeemable at the holder's option and are classified as financial liabilities. Participating redeemable shares can be put back to the Incorporated Cell at any time for cash equal to a proportionate share of the Incorporated Cell's net asset value. The participating redeemable share is carried at the redemption amount that is payable at the Statement of Financial Position date if the holder exercises the right to put the share back to the Incorporated Cell.

2.10 (Decrease)/increase in net assets attributable to holders of participating redeemable shares from operations

Income not distributed is included in Net Assets Attributable to Holders of Participating Redeemable Shares of the Incorporated Cell's financial statements.

2.11 Capital risk management

The fair value of the Cell's financial assets and financial liabilities approximate to its carrying amounts at the reporting date. For the purposes of this disclosure, shares are considered to be capital.

The Incorporated Cell's objectives when managing capital is to safeguard their ability to continue as a going concern in order to provide returns for shareholders. There are no externally imposed capital requirements on the Incorporated Cell. The Incorporated Cell has no intention to borrow, other than to fund short-term liquidity requirements. The Incorporated Cell may arrange an overdraft facility for such purposes.

2.12 Interest and dividend income

Dividend income is recognised when the right to receive payment is established. All deposit interest and other income is accounted for on an accruals basis.

2.13 Expenses

Expenses are accounted for on an accruals basis and all amounts have been allocated to the Statement of Comprehensive Income.

2.14 Custodian bank charges

Custodian bank charges include additional fees on top of the asking price of the security. The bid-asking spread is not disclosed as part of a custodian bank charge. This spread is included in the Statement of Comprehensive Income within the fair value net gain or loss.

2.15 Taxation

The Cell has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability is an annual fee of £1,200 (2019: £1,200).

The Cell incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the Statement of Comprehensive Income. Withholding taxes are shown as a separate item in the Statement of Comprehensive Income.

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Notes to the Financial Statements

3. Financial risk management

3.1 Strategy in using financial instruments

The Cell's activities and investment objectives expose it to a variety of financial risks: market risk (which is made up of price risk, interest rate risk and currency risk), credit risk and liquidity risk (including cash flow risk). The Cell's overall risk management programme seeks to maximise the return derived for the level of risk to which the cell is exposed and focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Cell's financial performance.

The Cell will not include derivative instruments with the exception of investments in forward foreign currency exchange contracts for the purpose of mitigating exchange rate risk against both the benchmark and the base currency but not for speculative purposes or otherwise. Unlisted derivative instruments will be limited to unlisted forward currency, interest rate, index swap or exchange rate swap transactions. No uncovered positions will be allowed. Gearing and leveraging for investment purposes will not be allowed.

The following policies and procedures to mitigate risk have been in place throughout the year.

3.2 Market price risk

Market price risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices, other than those arising from currency or interest rate risk. The Cell is subject to market price risk as it trades primarily in collective investment schemes. Through its investment in traded securities and instruments the Cell is subject to market movements in equity and bond markets.

All investments present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Cell's overall market positions are monitored on a regular basis by the Investment Manager and are reviewed by the Board of Directors periodically.

The Cell's market price risk is managed through diversification of the investment portfolio by exposures to varying product categories, hence, concentration of risk is minimised. At the year end, the financial assets at fair value through profit or loss, which are subject to market price risk, are as follows:

	2020		2019	
	Fair Value	% of net assets	Fair Value	% of net assets
	USD		USD	
Collective Investment Schemes	51,351,130	81.52	48,293,683	80.70
	51,351,130	81.52	48,293,683	80.70

The Cell's market risk is affected by three main components: changes in actual market prices, interest rate and foreign currency exchange rates movements. Interest rate and foreign currency movements are covered in notes 3.3 and 3.5, respectively. If the market indices increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of participating redeemable shares would amount to:

	2020	2019
	Change in fair value	Change in fair value
	USD	USD
Collective Investment Schemes	5,135,113	4,829,368
	5,135,113	4,829,368

3.3 Interest rate risk

The Cell's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The majority of the Cell's financial assets and liabilities are non-interest bearing. As a result, the Cell is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The table below summarises the Cell's exposure to interest rate risk. It includes the Cell's assets and trading liabilities at fair values, all of which have contractual repricing or maturity dates within one month.

	2020	2019
	USD	USD
Net financial assets on which no interest is paid	51,238,218	48,216,754
Net floating rate financial assets	11,753,340	11,625,907

Should interest rates have increased/decreased by 50 basis points with all other variables remaining constant, the increase/decrease in the net assets attributable to participating redeemable shareholders would amount to approximately:

As at 30 June	2020	2019
	USD	USD
Net floating rate financial assets	58,767	58,130

3.4 Cash flow risk

The Cell holds a significant amount of cash and cash equivalents that expose the Cell to cash flow interest rate risk. The risk exposure here is deemed minimal.

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Notes to the Financial Statements

3. Financial risk management (continued)

3.5 Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Cell holds assets, including investments, denominated in currencies other than the US Dollar; the functional currency, therefore, is exposed to currency risk. The exposures are based on the currencies of the underlying assets in the Cell. Where the Cell invests via Collective Investment Schemes, the funds are treated as a single asset with its currency of exposure being assumed to be its reporting currency.

The table below summarises the Cell's exposure to currency risks:

As at 30 June	2020	2019
	<u>USD</u>	<u>USD</u>
EUR exposure	2,066	182
GBP exposure	19,276,114	27,962,286

In accordance with the Cell's policy, the Investment Manager monitors the Cell's currency position on a regular basis, and the Board of Directors reviews it periodically. The Cell has the ability to enter into forward foreign exchange contracts in an attempt to mitigate any significant currency risk, however, to date, the Investment Manager and Board of Directors have deemed that such contracts have not been necessary.

Should the Cell's functional currency have strengthened, or weakened, by 5% against other currencies to which it is exposed and all other variables, including the price of all investments, had held constant, the net asset attributable to preference shareholders would have increased, or decreased, as follows:

As at 30 June	2020	2019
	<u>USD</u>	<u>USD</u>
EUR exposure	103	9
GBP exposure	963,806	1,398,114

3.6 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

There is a risk that an investee company may be unable to satisfy a valid redemption request made by a Cell. The Directors consider that the Investment Manager mitigates this risk by way of its investment process, as described in note 3.2.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. Delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. Given the relatively short settlement period and the high credit quality of the brokers used, the risk here is considered to be minimal.

The Cell manages its exposure to credit risk associated with its cash deposits by selecting Northern Trust (Guernsey) Limited as the counterparty to hold all cash deposits for the cell. The Northern Trust Company is a wholly owned subsidiary of the Northern Trust Corporation. The credit rating for Northern Trust Corporation from Standard and Poor's is A+. The credit rating from Moody's is A2.

The Cell's maximum exposure to credit risk is the carrying value of the assets on the Statement of Financial Position.

3.7 Liquidity risk

Liquidity risk is the risk that the Cell will encounter difficulty in meeting obligations associated with its financial liabilities. The main liquidity risk is the risk that the Cell may be unable to recover funds invested through the usual redemption processes which may result in the Cell having insufficient funds to settle a transaction on the due date. Due to the nature of the Cell, the majority of investments held are in marketable securities that are readily tradable and have reported no warnings regarding their ability to process redemptions as normal.

The Cell has the ability to borrow to meet short term liquidity requirements, however, to date, the Cell has not entered into such arrangement.

The table below analyses the Cell's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2020			2019		
	Less than 1 month	Between 1 and 12 months	Total	Less than 1 month	Between 1 and 12 months	Total
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Financial assets at fair value through profit or loss	51,351,130	-	51,351,130	48,293,683	-	48,293,683
Cash and cash equivalents	11,753,340	-	11,753,340	11,625,907	-	11,625,907
Other receivables	402	-	402	400	-	400
Other payables	(86,618)	-	(86,618)	(77,329)	-	(77,329)
Due on redemption of participating redeemable shares	(26,696)	-	(26,696)	-	-	-
Net assets attributable to participating redeemable shares	(62,991,558)	-	(62,991,558)	(59,842,661)	-	(59,842,661)
Net liquidity position	-	-	-	-	-	-

Participating redeemable shares are redeemed on demand at the holder's option. However, the Board of Directors does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash flows, as holders of these instruments typically retain them for the medium to long term.

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Notes to the Financial Statements

3. Financial risk management (continued)

3.8 Management of capital

The Board, with the assistance of the Investment Manager, manages the capital of the Cell in accordance with the investment objectives and policies. The overall strategy of the Cell remains unchanged.

The Cell has no externally imposed capital requirements.

3.9 Fair value disclosure

In the opinion of the Directors, there are no material differences between the net asset values of the underlying assets and the fair values of the financial assets and liabilities of the Cell.

4. Critical accounting estimates and judgments

The fair value of investments is considered to be the quoted, active market prices, or prices supplied by the fund administrators of the Cell's underlying investments.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

The fair value of investments in investee funds that are not quoted in an active market is determined primarily by reference to the latest available redemption price of such units for each investee fund, as determined by the administrator of such investee fund. The Investment Manager may make adjustments to the reported net asset value of various investee funds based on considerations such as:

- the liquidity of the investee fund or its underlying investments;
- the value date of the net asset value provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the investee fund's advisors.

The prices are reviewed by the Investment Manager on a periodic basis. The Cell does not hold any level 3 investments.

5. Portfolio analysis

The Cell's portfolio is organised by focusing on the type of security held and then secondarily by geographical analysis based on the location of the investment.

The Cell operates using the main sector types disclosed in note 3.2 and the following main geographical areas:

	2020	2019
	USD	USD
Europe	28,860,987	25,300,815
United Kingdom	19,160,626	22,992,868
United States of America	3,329,517	-
	51,351,130	48,293,683

The geographical segment for listed non-monetary financial assets is considered to be the place of primary listing and for non-listed financial assets where the underlying investment is domiciled.

6. Financial assets at fair value through profit or loss

	2020	2019
	USD	USD
Financial assets at fair value through profit or loss:		
Collective Investment Schemes	51,351,130	48,293,683
Total financial assets at fair value through profit or loss	51,351,130	48,293,683
Movement on financial assets at fair value through profit or loss		
Fair value of financial assets at the beginning of the year	48,293,683	70,602,951
Purchases of financial assets	49,919,696	1,750,543
Sales of financial assets	(50,813,012)	(21,686,405)
Realised gains on sale of financial assets	2,538,754	2,922,727
Movement in unrealised gains/(losses) on revaluation of financial assets	1,412,009	(5,296,133)
Fair value of financial assets at the end of the year	51,351,130	48,293,683
	2020	2019
	USD	USD
Comprising:		
Cost at the end of the year	42,843,198	41,197,760
Unrealised gains at the end of the year	8,507,932	7,095,923
	51,351,130	48,293,683

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6. Financial assets at fair value through profit or loss (continued)

IFRS 13 requires the Cell to classify fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy, within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Board. The Board considers observable market data that is readily available, readily distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The investments classified as Level 1 consist of financial assets that are actively traded with fair values readily available from recognised exchanges. The Level 1 hierarchy may also include investments in funds that are priced by the underlying administrator where the Cell considers it to be the most advantageous market and would enter into transactions based on those prices.

The investments classified as Level 2 are investments in funds that are actively traded and priced less frequently than monthly but not greater than quarterly for which fair values are obtained from the underlying administrator or fund manager.

The investments classified as Level 3 are investments that are illiquid investments and investments that are traded but priced less frequently than quarterly.

The following table presents the Cell's financial assets and financial liabilities measured at fair value by level within the valuation hierarchy as of 30 June 2020 and 30 June 2019.

30 June 2020	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Financial assets at fair value through profit or loss				
Collective Investment Schemes	51,351,130	-	-	51,351,130
	51,351,130	-	-	51,351,130
30 June 2019	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Financial assets at fair value through profit or loss				
Collective Investment Schemes	48,293,683	-	-	48,293,683
	48,293,683	-	-	48,293,683

The Cell's cash and cash equivalents and short-term receivables and payables are recorded at carrying value which approximates fair value

7. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following balances with original maturity of less than 90 days:

	2020	2019
	USD	USD
Cash at bank	11,753,340	11,625,907
	11,753,340	11,625,907

8. Other receivables

	2020	2019
	USD	USD
Prepayments	402	400
Management shares receivable	100	100
	502	500

9. Other payables

	2020	2019
	USD	USD
Management fee payable	17,585	15,803
Custodian fee payable	2,425	2,189
Investment management fee payable	54,605	48,567
Sundry fees payable	1,164	734
Audit fee payable	10,839	10,036
	86,618	77,329

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10. Share capital

The Cell has an authorised share capital of 100 Management shares of USD1.00 each and an unlimited number of no par value participating redeemable shares.

Management Shares in Issue	30.06.20	30.06.19
	<u>USD</u>	<u>USD</u>
Management shares	100	100
	30.06.20	30.06.19
Participating Redeemable Shares in Issue	Class A	Class A
Balance at the beginning of the year	47,164,841	56,334,286
Issue of participating redeemable shares	1,403,090	4,487,515
Redemption of participating redeemable shares	(1,149,347)	(13,656,960)
Balance at the end of the year	47,418,584	47,164,841
	30.06.20	30.06.19
	<u>USD</u>	<u>USD</u>
Participating Redeemable Shares Capital Account	Class A	Class A
Balance at the beginning of the year	46,173,648	57,628,023
Issue of participating redeemable shares	1,686,706	5,940,420
Redemption of participating redeemable shares	(1,430,122)	(17,394,795)
Balance at the end of the year	46,430,232	46,173,648

11. Net asset value per participating redeemable share

	NAV per share	Net assets attributable	Shares in issue	NAV per share	Net assets attributable	Shares in issue
As at 30 June	2020	2020	2020	2019	2019	2019
	<u>USD</u>	<u>USD</u>		<u>USD</u>	<u>USD</u>	
Class A	1.33	62,991,558	47,418,584	1.27	59,842,661	47,164,841

12. Dividends payable to participating redeemable shares

No dividends were paid during the year and the Board does not intend to pay any dividends. All available income will be reinvested.

13. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

13.1 Management and Administration fee

The Cell is managed by Momentum Wealth International Limited (the "Manager"), a management company incorporated in Guernsey, providing management services to the Cell under the terms of the management agreement in place.

The Manager is entitled to receive the following Management and Administration fee, chargeable on a sliding scale, payable monthly in arrears, based on the current valuation and subject to a minimum annual fee of USD 22,000 or currency equivalent.

<u>Fee% of NAV per annum</u>	<u>Cell NAV</u>
0.35%	Up to USD 30m
0.30%	From USD 30m to USD 60m
0.25%	Over USD 60m

The Administrator is entitled to such remuneration as agreed between the Manager and the Administrator from time to time and such remuneration is paid by the Manager out of the Management and Administration Fee received from the Cell.

Management and Administration Fee charged during the year and accrued at year end:

	2020	2019
	<u>USD</u>	<u>USD</u>
Charged during the year	193,626	218,502
Accrued at year end	17,585	15,803

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13. Related-party transactions (continued)

13.2 Investment Management fee

The Manager has appointed an Investment Manager, Momentum Global Investment Management Limited, a UK registered company, to manage the investment portfolio of the Cell.

The Investment Manager is entitled to receive a fee equal to 1.00% of the NAV of the Cell attributable to the Class A USD Shares per annum and 0.40 % of the NAV of the Cell attributable to the Class B USD Shares per annum. The Investment Management fee will accrue at each valuation point, based on the current valuation, subject to a minimum annual fee of USD 20,000 and is payable monthly in arrears.

The Investment Manager has appointed Caleo Capital (Pty) Ltd, a South African registered company, as Sub-Investment Manager (the "Sub-Investment Manager") to the Cell and to any Trading Subsidiaries of the Cell. The Sub-Investment Manager is entitled to receive a fee of up to 0.85% of the NAV of the Cell attributable to Class A USD Shares per annum and 0.25% of the NAV of the Cell attributable to the Class B USD Shares per annum (the "Sub-Investment Manager fee") which will be paid out of the fee received by the Investment Manager. The Sub-Investment Manager Fee will accrue as at each Valuation Point, based on the current valuation and are payable monthly in arrears.

The Cell will be subject to a minimum Investment Management Fee of USD 20,000 per annum. The minimum Investment Management Fee will be borne by the Classes on a pro rata basis by reference to their respective NAVs. This minimum excludes the Sub-Investment Management fees and relates to the net portion of Investment Management Fee of 0.15% only.

Investment Management fee charged during the year and accrued at year end:

	2020	2019
	<u>USD</u>	<u>USD</u>
Charged during the year	596,233	694,571
Accrued at year end	<u>54,605</u>	<u>48,567</u>

13.3 Custodian fee

Northern Trust (Guernsey) Limited was appointed to provide custodian services. The custodian is entitled to the payment of a fee chargeable on a sliding scale in respect of all Share Classes, as follows, subject to a minimum of USD 8,000 per annum.

<u>Fee% of NAV per annum</u>	<u>Cell NAV</u>
0.05%	Up to USD30 million
0.04%	From USD30 million to USD60 million
0.03%	From USD60 million to USD100 million
0.02%	Over USD100 million

Custodian fee charged during the year and accrued at year end:

	2020	2019
	<u>USD</u>	<u>USD</u>
Charged during the year	22,582	26,462
Accrued at year end	<u>2,425</u>	<u>2,189</u>

13.4 Distribution Partner fee

Caleo Capital (Pty) Ltd is appointed as distribution partner to promote and market the Cell. No distribution fee will be payable by the Cell to the distribution partner.

13.5 Board of Directors' remuneration

The Directors' fees in respect of the Cell shall not exceed USD 20,000 or currency equivalent in any twelve month period. In addition, the Directors shall be entitled to be repaid for all reasonable out of pocket expenses properly incurred by them in the performance of their duties to the Cell. Such fees and expenses shall be paid out of the assets of the Cell alone and not from the cellular assets of other cells of the Company or assets of the Company itself.

The Directors waived their right to a fee in 2020 (2019: Nil).

14. Ultimate controlling party

In the opinion of the Directors, on the basis of the shareholdings advised to them, the Cell has no ultimate controlling party.

15. Reconciliation of published valuation to financial statements

	<u>USD</u>
Net assets per financial statements	62,991,558
Adjustments:	
Adjustment in value of assets at financial assets at fair value through profit and loss	(38,815)
Net assets per published valuation	<u>62,952,743</u>
NAV per Class A per published valuation	1.33
NAV per Class A per financial statements	1.33

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16. Subsequent events

These financial statements were approved for issuance by the Board on 18 December 2020. Subsequent events have been evaluated until this date.

No significant subsequent events have occurred in respect of the Cell that is considered material to the understanding of these audited financial statements.