

**THE SILVER THATCH PENSION PLAN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**



## Independent Auditor's Report

To the Trustees of The Silver Thatch Pension Plan

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### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Silver Thatch Pension Plan (the "Plan") as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The Plan's financial statements comprise:

- the statement of net assets available for benefits as at June 30, 2019;
  - the schedule of investments as at June 30, 2019;
  - the statement of comprehensive income for the year then ended;
  - the statement of changes in net assets available for benefits for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

### Independence

We are independent of the Plan in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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### 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



## **Independent Auditor's Report (continued)**

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan'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 Plan 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.

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### **Other Matter**

This report, including the opinion, has been prepared for and only for the Plan in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers*

October 25, 2019

**THE SILVER THATCH PENSION PLAN**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

	<u>2019</u>	<u>June 30,</u> <u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 10)	114,874,750	47,942,672
Financial assets at fair value through profit or loss (Note 3,10 and 11)	535,711,912	542,061,707
Receivable for investments sold (Note 10 and 11)	525,725	-
Other receivables and prepayments	<u>412,373</u>	<u>359,217</u>
Total assets	<u>651,524,760</u>	<u>590,363,596</u>
<b>LIABILITIES</b>		
Contributions and transfers received in advance	5,459,269	4,617,392
Redemptions payable	2,804,595	4,950,023
Accounts payable (Note 4)	<u>772,860</u>	<u>755,168</u>
Total liabilities (excluding net assets available for benefits)	<u>9,036,724</u>	<u>10,322,583</u>
<b>Net assets available for benefits</b>	<b><u>\$ 642,488,036</u></b>	<b><u>\$ 580,041,013</u></b>
<b>Number of units in issue (Note 12)</b>		

Approved for issuance on behalf of The Silver Thatch Pension Plan's Board of Trustees by:

Carlyle McLaughlin  
..... )  
Alexander Goulden ) Trustees  
..... )

Date: 25 October 2019

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2019 Fair value	% of net assets of portfolio
<b>Balanced Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
U.S. Dollar			
390,000	Cullen Fund PLC - North American High Dividend Value Equity Fund (equities)	8,634,600	2.28%
1,600	Edgewood (equities)	12,164,752	3.21%
310,000	Franklin Templeton Investment Funds - Templeton Global Return Fund (bonds)	9,303,100	2.46%
780,000	iShares Core U.S. Treasury Bond ETF (bonds)	20,135,700	5.32%
212,000	iShares Corporate Bond UCITS (bonds)	25,228,000	6.67%
300,000	iShares Edge SP&P 500 Minimum Volatility UCITS ETF (equities)	17,279,340	4.56%
215,000	iShares MSCI Japan ETF (equities)	11,734,700	3.10%
260,000	iShares USD Treasury Bond 7-10yr UCITS ETF (bonds)	52,650,000	13.91%
33,500	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	14,377,195	3.80%
1,187,892	M&G (Lux) Optimal Income Fund (bonds)	12,527,157	3.31%
50,000	MFS Meridian Funds - U.S. Value Fund (equities)	13,637,500	3.60%
800,000	Pimco Funds: Global Investors Series plc - Global Investment Grade Credit Fund (bonds)	16,296,000	4.31%
40,000	Schroder International Selection Fund - Asian Equity Yield (equities)	1,397,428	0.37%
165,000	SPDR Eurostoxx 50 ETF (equities)	6,319,500	1.67%
705,000	Vanguard S&P 500 ETF (equities)	39,229,725	10.37%
42,000	Vontobel Fund- MTX Sustainable Emerging Markets Leaders (equities)	6,700,680	1.77%
100,000	WisdomTree Europe Hedged Equity Fund (equities)	6,617,000	1.75%
	Total U.S. Dollar (cost:\$241,487,837)	<u>274,232,377</u>	<u>72.46%</u>
Euro			
35,000	Franklin European Small-Mid Cap Growth Fund I (equities)	1,785,053	0.47%
73,000	Jupiter JGF - European Growth (equities)	4,067,843	1.08%
	Total Euro (cost:\$5,709,312)	<u>5,852,896</u>	<u>1.55%</u>
Swiss Franc			
45,000	UBS ETF SMI (equities)	4,700,882	1.24%
	Total Swiss Franc (cost:\$4,215,947)	<u>4,700,882</u>	<u>1.24%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in Balanced Portfolio (cost:\$251,413,096)	<u>284,786,155</u>	<u>75.25%</u>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
14,434	Hudson Bay International Fund Ltd (equities)	16,441,891	4.35%
4,397	Hudson Bay International Fund Ltd (equities)	4,810,047	1.27%
10,000	White Box Multi Strategy Fund Ltd (equities)	10,142,933	2.68%
	Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Balanced Portfolio (cost:\$28,831,598)	<u>31,394,871</u>	<u>8.30%</u>
	Total investments in Balanced Portfolio (cost:\$280,244,694)	<u>316,181,026</u>	<u>83.55%</u>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$153,544,189)	180,041,069	47.58%
	Funds where underlying securities are mainly bonds (cost:\$126,700,505)	136,139,957	35.97%
	Total investments in Balanced Portfolio (cost:\$280,244,694)	<u>316,181,026</u>	<u>83.55%</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2019 <u>Fair value</u>	% of net assets <u>of portfolio</u>
<b>Growth Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
U.S. Dollar			
350,000	Cullen Fund PLC - North American High Dividend Value Equity Fund (equities)	7,749,000	5.30%
430	Edgewood (equities)	3,269,277	2.24%
110,000	Franklin Templeton Investment Funds - Templeton Global Return Fund (bonds)	3,301,100	2.26%
32,000	iShares Corporate Bond UCITS (bonds)	3,808,000	2.60%
158,000	iShares Edge SP&P 500 Minimum Volatility UCITS ETF (equities)	9,100,452	6.22%
137,000	iShares MSCI Japan ETF (equities)	7,477,460	5.11%
55,000	iShares USD Treasury Bond 7-10yr UCITS ETF (bonds)	11,137,500	7.62%
23,000	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	9,870,910	6.75%
28,700	MFS Meridian Funds - U.S. Value Fund (equities)	7,827,925	5.35%
250,000	Pimco Funds: Global Investors Series plc - Global Investment Grade Credit Fund (bonds)	5,092,500	3.48%
30,000	Schroder International Selection Fund - Asian Equity Yield (equities)	1,048,071	0.72%
90,000	SPDR Eurostoxx 50 ETF (equities)	3,447,000	2.36%
485,000	Vanguard S&P 500 ETF (equities)	26,987,825	18.45%
19,000	Vontobel Fund- MTX Sustainable Emerging Markets Leaders (equities)	3,031,260	2.07%
40,000	WisdomTree Europe Hedged Equity Fund (equities)	2,646,800	1.81%
	Total U.S. Dollar (cost:\$88,799,443)	<u>105,795,080</u>	<u>72.34%</u>
Euro			
50,000	Franklin European Small-Mid Cap Growth Fund I (equities)	2,550,076	1.74%
50,000	Jupiter JGF - European Growth (equities)	2,786,194	1.91%
	Total Euro (cost:\$5,172,674)	<u>5,336,270</u>	<u>3.65%</u>
Swiss Franc			
27,000	UBS ETF SMI (equities)	2,820,529	1.93%
	Total Swiss Franc (cost:\$2,529,568)	<u>2,820,529</u>	<u>1.93%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in Growth Portfolio (cost:\$96,501,685)	<u>113,951,879</u>	<u>77.92%</u>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
3,171	Hudson Bay International Fund Ltd (equities)	3,468,101	2.37%
4,424	Hudson Bay International Fund Ltd (equities)	5,039,658	3.44%
2,000	White Box Multi Strategy Fund Ltd (equities)	2,028,587	1.39%
	Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Growth Portfolio (cost:\$9,594,885)	<u>10,536,346</u>	<u>7.20%</u>
	Total investments in Growth Portfolio (cost:\$106,096,570)	<u>124,488,225</u>	<u>85.12%</u>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$84,857,526)	101,149,125	69.16%
	Funds where underlying securities are mainly bonds (cost:\$21,239,044)	23,339,100	15.96%
	Total investments in Growth Portfolio (cost:\$106,096,570)	<u>124,488,225</u>	<u>85.12%</u>

The accompanying notes are an integral part of these financial statements.

## THE SILVER THATCH PENSION PLAN

### SCHEDULE OF INVESTMENTS

AS AT JUNE 30, 2019

(Expressed in United States dollars)

Number of units/shares		June 30, 2019 <u>Fair value</u>	<u>% of net assets of portfolio</u>
<b>Conservative Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
U.S. Dollar			
300	Edgewood (equities)	2,280,891	2.06%
100,000	Franklin Templeton Investment Funds - Templeton Global Return Fund (bonds)	3,001,000	2.71%
655,000	iShares Core U.S. Treasury Bond ETF (bonds)	16,908,825	15.25%
81,000	iShares Corporate Bond UCITS (bonds)	9,639,000	8.69%
28,000	iShares Edge SP&P 500 Minimum Volatility UCITS ETF (equities)	1,612,738	1.46%
24,300	iShares MSCI Japan ETF (equities)	1,326,294	1.20%
100,000	iShares USD Treasury Bond 7-10yr UCITS ETF (bonds)	20,250,000	18.26%
3,600	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	1,545,012	1.39%
558,071	M&G (Lux) Optimal Income Fund (bonds)	5,885,246	5.31%
10,000	MFS Meridian Funds - U.S. Value Fund (equities)	2,727,500	2.46%
360,000	Pimco Funds: Global Investors Series plc - Global Investment Grade Credit Fund (bonds)	7,333,200	6.61%
12,000	Schroder International Selection Fund - Asian Equity Yield (equities)	419,228	0.38%
70,000	Vanguard S&P 500 ETF (equities)	3,895,150	3.51%
4,400	Vontobel Fund- MTX Sustainable Emerging Markets Leaders (equities)	701,976	0.63%
26,000	WisdomTree Europe Hedged Equity Fund (equities)	1,720,420	1.55%
	Total U.S. Dollar (cost:\$72,228,602)	<u>79,246,480</u>	<u>71.47%</u>
Euro			
10,000	Jupiter JGF - European Growth (equities)	557,239	0.50%
	Total Euro (cost:\$549,589)	<u>557,239</u>	<u>0.50%</u>
Swiss Franc			
5,000	UBS ETF SMI (equities)	522,320	0.47%
	Total Swiss Franc (cost:\$468,439)	<u>522,320</u>	<u>0.47%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in Conservative Portfolio (cost:\$73,246,630)	<u>80,326,039</u>	<u>72.44%</u>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
4,770	Hudson Bay International Fund Ltd (equities)	5,433,174	4.90%
763	Hudson Bay International Fund Ltd (equities)	834,724	0.75%
3,900	White Box Multi Strategy Fund Ltd (equities)	3,955,744	3.57%
	Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Conservative Portfolio (cost:\$9,432,839)	<u>10,223,642</u>	<u>9.22%</u>
	Total investments in Conservative Portfolio (cost:\$82,679,469)	<u>90,549,681</u>	<u>81.66%</u>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$23,695,369)	27,532,411	24.83%
	Funds where underlying securities are mainly bonds (cost:\$58,984,100)	63,017,270	56.83%
	Total investments in Conservative Portfolio (cost:\$82,679,469)	<u>90,549,681</u>	<u>81.66%</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2019 <u>Fair value</u>	% of net assets <u>of portfolio</u>
<b>Aggressive Growth Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
U.S. Dollar			
9,400	Cullen Fund PLC - North American High Dividend Value Equity Fund (equities)	208,116	3.24%
36	Edgewood (equities)	273,707	4.26%
7,000	iShares Edge SP&P 500 Minimum Volatility UCITS ETF (equities)	403,185	6.28%
5,950	iShares MSCI Japan ETF (equities)	324,751	5.05%
350	iShares MSCI Pacific ex Japan ETF (equities)	16,531	0.26%
960	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	412,003	6.41%
900	MFS Meridian Funds - U.S. Value Fund (equities)	245,475	3.82%
1,100	Schroder International Selection Fund - Asian Equity Yield (equities)	38,429	0.60%
2,000	SPDR Eurostoxx 50 ETF (equities)	76,600	1.19%
25,200	Vanguard S&P 500 ETF (equities)	1,402,254	21.83%
1,120	Vontobel Fund- MTX Sustainable Emerging Markets Leaders (equities)	178,685	2.78%
1,900	WisdomTree Europe Hedged Equity Fund (equities)	125,723	1.96%
	Total U.S. Dollar (cost:\$3,027,862)	<u>3,705,459</u>	<u>57.68%</u>
Euro			
1,500	Franklin European Small-Mid Cap Growth Fund I (equities)	76,502	1.19%
4,000	Jupiter JGF - European Growth (equities)	222,896	3.47%
	Total Euro (cost:\$292,578)	<u>299,398</u>	<u>4.66%</u>
Swiss Franc			
1,300	UBS ETF SMI (equities)	135,803	2.11%
	Total Swiss Franc (cost:\$121,794)	<u>135,803</u>	<u>2.11%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in Aggressive Growth Portfolio (cost:\$3,442,234)	<u>4,140,660</u>	<u>64.45%</u>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
105	Hudson Bay International Fund Ltd (equities)	115,112	1.79%
78	Hudson Bay International Fund Ltd (equities)	88,750	1.38%
100	White Box Multi Strategy Fund Ltd (equities)	101,429	1.58%
	Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Aggressive Growth Portfolio (cost:\$283,151)	<u>305,291</u>	<u>4.75%</u>
	Total investments in Aggressive Growth Portfolio (cost:\$3,725,385)	<u>4,445,951</u>	<u>69.20%</u>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$3,725,385)	<u>4,445,951</u>	<u>69.20%</u>
	Total investments in Aggressive Growth Portfolio (cost:\$3,725,385)	<u>4,445,951</u>	<u>69.20%</u>

The accompanying notes are an integral part of these financial statements.



**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2019 <u>Fair value</u>	% of net assets of portfolio
<b>100% Fixed Income Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
	U.S. Dollar		
312	Blackrock Institutional cash series USD liquidity fund (money market)	<u>47,029</u>	<u>9.63%</u>
	Total U.S. Dollar (cost:\$45,284)	<u>47,029</u>	<u>9.63%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in 100% Fixed Income Portfolio (cost:\$45,284)	<u>47,029</u>	<u>9.63%</u>
	Total investments in 100% Fixed Income Portfolio (cost:\$45,284)	<u>47,029</u>	<u>9.63%</u>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly money market (cost:\$45,284)	<u>47,029</u>	<u>9.63%</u>
	Total investments in 100% Fixed Income Portfolio (cost:\$45,284)	<u>47,029</u>	<u>9.63%</u>
	<b>Total investments in Plan (cost:\$472,791,402)</b>	<b><u>535,711,912</u></b>	
The total investment in Plan can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$265,822,469)	313,168,556	48.74%
	Funds where underlying securities are mainly bonds (cost:\$206,923,649)	222,496,327	34.63%
	Funds where underlying securities are mainly money market (cost:\$45,284)	<u>47,029</u>	<u>0.01%</u>
	<b>Total investments in Plan (cost:\$472,791,402)</b>	<b><u>535,711,912</u></b>	<b><u>83.38%</u></b>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2018 <u>Fair value</u>	% of net assets of portfolio
<b>Balanced Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
U.S. Dollar			
350,000	Aberdeen Global - North American Smaller Companies Fund (equities)	8,186,010	2.41%
90,000	Alger SICAV - The Alger American Asset Growth Fund (equities)	7,164,000	2.11%
13,500	AXA World Funds - Global Inflation Bonds (bonds)	2,440,935	0.72%
1,150	Edgewood (equities)	7,996,088	2.36%
310,000	Franklin Templeton Investment Funds - Templeton Global Return Fund (bonds)	8,751,300	2.58%
262,261	iShares Corporate Bond UCITS (bonds)	28,788,390	8.48%
2,339,208	iShares Core U.S. Treasury Bond ETF (bonds)	57,602,997	16.97%
200,000	iShares MSCI Japan ETF (equities)	11,582,000	3.41%
40,000	iShares MSCI Pacific ex Japan ETF (equities)	1,840,400	0.54%
45,000	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	18,385,200	5.42%
745,000	M&G Optimal Income Fund (bonds)	11,858,984	3.49%
50,000	MFS Meridian Funds - U.S. Value Fund (equities)	12,438,000	3.66%
800,000	Pimco Funds: Global Investors Series plc - Global Investment Grade Credit Fund (bonds)	14,880,000	4.38%
135,000	Schroder International Selection Fund - Asian Equity Yield (equities)	4,508,433	1.33%
960,000	Vanguard S&P 500 ETF (equities)	49,920,000	14.71%
352,000	WisdomTree Europe Hedged Equity Fund (equities)	22,225,280	6.55%
	Total U.S. Dollar (cost:\$240,762,090)	<u>268,568,017</u>	<u>79.12%</u>
Euro			
40,000	BlackRock Global Funds - European Fund D2 (equities)	5,797,702	1.71%
35,000	Franklin European Small-Mid Cap Growth Fund I (equities)	1,986,658	0.59%
	Total Euro (cost:\$6,821,048)	<u>7,784,360</u>	<u>2.30%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in Balanced Portfolio (cost:\$247,583,138)	<u>276,352,377</u>	<u>81.42%</u>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
56	Aurora Offshore Fund Ltd II (equities)*	47,909	0.01%
14,434	Hudson Bay International Fund Ltd (equities)	15,663,310	4.62%
4,398	Hudson Bay International Fund Ltd (equities)	4,582,329	1.35%
4,805	Prisma Spectrum Fund Ltd (equities)	4,662,969	1.37%
1,460	Prisma Spectrum Fund Ltd (equities)	1,482,273	0.44%
10,500	Prisma Spectrum Fund Ltd (equities)	11,316,996	3.33%
	Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Balanced Portfolio (cost:\$35,661,615)	<u>37,755,786</u>	<u>11.12%</u>
	Total investments in Balanced Portfolio (cost:\$283,244,753)	<u>314,108,163</u>	<u>92.54%</u>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$159,973,849)	189,785,557	55.91%
	Funds where underlying securities are mainly bonds (cost:\$123,270,904)	124,322,606	36.63%
	Total investments in Balanced Portfolio (cost:\$283,244,753)	<u>314,108,163</u>	<u>92.54%</u>

\*Redemptions have been suspended (Note 11)

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

<u>Number of units/shares</u>		<u>June 30, 2018 Fair value</u>	<u>% of net assets of portfolio</u>
<b>Growth Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
U.S. Dollar			
245,000	Aberdeen Global - North American Smaller Companies Fund (equities)	5,730,207	4.07%
98,000	Alger SICAV - The Alger American Asset Growth Fund (equities)	7,800,800	5.55%
6,600	AXA World Funds - Global Inflation Bonds (bonds)	1,193,346	0.85%
250	Edgewood (equities)	1,738,280	1.24%
110,000	Franklin Templeton Investment Funds - Templeton Global Return Fund (bonds)	3,105,300	2.21%
48,080	iShares Corporate Bond UCITS (bonds)	5,277,742	3.75%
276,683	iShares Core U.S. Treasury Bond ETF (bonds)	6,813,319	4.84%
137,000	iShares MSCI Japan ETF (equities)	7,933,670	5.64%
49,000	iShares MSCI Pacific ex Japan ETF (equities)	2,254,490	1.60%
30,000	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	12,256,800	8.71%
50,000	M&G Optimal Income Fund (bonds)	795,905	0.57%
28,700	MFS Meridian Funds - U.S. Value Fund (equities)	7,139,412	5.07%
250,000	Pimco Funds: Global Investors Series plc - Global Investment Grade Credit Fund (bonds)	4,650,000	3.31%
68,000	Schroder International Selection Fund - Asian Equity Yield (equities)	2,270,914	1.61%
682,000	Vanguard S&P 500 ETF (equities)	35,464,000	25.21%
200,031	WisdomTree Europe Hedged Equity Fund (equities)	12,629,957	8.98%
	<b>Total U.S. Dollar (cost:\$97,844,826)</b>	<b>117,054,142</b>	<b>83.21%</b>
Euro			
33,000	BlackRock Global Funds - European Fund D2 (equities)	4,783,104	3.40%
50,000	Franklin European Small-Mid Cap Growth Fund I (equities)	2,838,083	2.02%
	<b>Total Euro (cost:\$6,651,811)</b>	<b>7,621,187</b>	<b>5.42%</b>
	<b>Total Exchange Traded Funds and Investments with Daily Liquidity in Growth Portfolio (cost:\$104,496,638)</b>	<b>124,675,329</b>	<b>88.63%</b>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
28	Aurora Offshore Fund Ltd II (equities)*	24,349	0.02%
3,171	Hudson Bay International Fund Ltd (equities)	3,303,914	2.35%
4,424	Hudson Bay International Fund Ltd (equities)	4,801,012	3.41%
2,029	Prisma Spectrum Fund Ltd (equities)	1,968,809	1.40%
1,100	Prisma Spectrum Fund Ltd (equities)	1,245,988	0.88%
900	Prisma Spectrum Fund Ltd (equities)	913,730	0.65%
2,000	Prisma Spectrum Fund Ltd (equities)	2,155,618	1.53%
	<b>Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Growth Portfolio (cost:\$13,674,418)</b>	<b>14,413,420</b>	<b>10.24%</b>
	<b>Total investments in Growth Portfolio (cost:\$118,171,056)</b>	<b>139,088,749</b>	<b>98.87%</b>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$96,865,058)	117,253,137	83.35%
	Funds where underlying securities are mainly bonds (cost:\$21,305,998)	21,835,612	15.52%
	<b>Total investments in Growth Portfolio (cost:\$118,171,056)</b>	<b>139,088,749</b>	<b>98.87%</b>

\*Redemptions have been suspended (Note 11)

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2018 <u>Fair value</u>	% of net assets of portfolio
<b>Conservative Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
	U.S. Dollar		
40,000	Aberdeen Global - North American Smaller Companies Fund (equities)	935,544	0.99%
5,500	AXA World Funds - Global Inflation Bonds (bonds)	994,455	1.05%
230	Edgewood (equities)	1,599,218	1.69%
100,000	Franklin Templeton Investment Funds - Templeton Global Return Fund (bonds)	2,823,000	2.98%
80,000	iShares Corporate Bond UCITS (bonds)	8,781,600	9.28%
1,147,833	iShares Core U.S. Treasury Bond ETF (bonds)	28,265,388	29.88%
24,116	iShares MSCI Japan ETF (equities)	1,396,557	1.49%
5,100	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	2,083,656	2.20%
350,000	M&G Optimal Income Fund (bonds)	5,571,335	5.89%
10,000	MFS Meridian Funds - U.S. Value Fund (equities)	2,487,600	2.63%
420,000	Pimco Funds: Global Investors Series plc - Global Investment Grade Credit Fund (bonds)	7,812,000	8.26%
25,000	Schroder International Selection Fund - Asian Equity Yield (equities)	834,895	0.88%
92,000	Vanguard S&P 500 ETF (equities)	4,784,000	5.06%
53,000	WisdomTree Europe Hedged Equity Fund (equities)	3,346,420	3.54%
	Total U.S. Dollar (cost:\$68,182,446)	<u>71,715,668</u>	<u>75.82%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in Conservative Portfolio (cost:\$68,182,446)	<u>71,715,668</u>	<u>75.82%</u>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
16	Aurora Offshore Fund Ltd II (equities)*	14,062	0.01%
4,770	Hudson Bay International Fund Ltd (equities)	5,175,894	5.47%
763	Hudson Bay International Fund Ltd (equities)	795,206	0.84%
961	Prisma Spectrum Fund Ltd (equities)	932,594	0.99%
4,500	Prisma Spectrum Fund Ltd (equities)	4,850,141	5.13%
	Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Conservative Portfolio (cost:\$11,012,918)	<u>11,767,897</u>	<u>12.44%</u>
	Total investments in Conservative Portfolio (cost:\$79,195,363)	<u>83,483,565</u>	<u>88.26%</u>
The total can be further broken down as follows:			
	Funds where underlying securities are mainly equities (cost:\$25,783,298)	29,235,787	30.91%
	Funds where underlying securities are mainly bonds (cost:\$53,412,065)	54,247,778	57.35%
	Total investments in Conservative Portfolio (cost:\$79,195,363)	<u>83,483,565</u>	<u>88.26%</u>

\*Redemptions have been suspended (Note 11)

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2018 <u>Fair value</u>	% of net assets of portfolio
<b>Aggressive Growth Portfolio</b>			
<u>Investments:</u>			
Exchange Traded Funds and Investments with Daily Liquidity:			
U.S. Dollar			
12,000	Aberdeen Global - North American Smaller Companies Fund (equities)	280,663	5.36%
1,800	Alger SICAV - The Alger American Asset Growth Fund (equities)	143,280	2.74%
25	Edgewood (equities)	173,828	3.32%
6,250	iShares MSCI Japan ETF (equities)	361,937	6.91%
3,500	iShares MSCI Pacific ex Japan ETF (equities)	161,035	3.08%
1,250	JPMorgan Funds - Emerging Markets Opportunities Fund (equities)	510,700	9.75%
900	MFS Meridian Funds - U.S. Value Fund (equities)	223,884	4.27%
3,750	Schroder International Selection Fund - Asian Equity Yield (equities)	125,234	2.39%
37,500	Vanguard S&P 500 ETF (equities)	1,950,000	37.23%
650	Vanguard Total World Stock ETF (equities)	47,691	0.91%
9,250	WisdomTree Europe Hedged Equity Fund (equities)	584,045	11.15%
	<b>Total U.S. Dollar (cost:\$3,759,858)</b>	<b>4,562,297</b>	<b>87.11%</b>
Euro			
2,200	BlackRock Global Funds - European Fund D2 (equities)	318,874	6.09%
1,500	Franklin European Small-Mid Cap Growth Fund I (equities)	85,142	1.62%
	<b>Total Euro (cost:\$354,547)</b>	<b>404,016</b>	<b>7.71%</b>
	<b>Total Exchange Traded Funds and Investments with Daily Liquidity in Aggressive Growth Portfolio (cost:\$4,114,405)</b>	<b>4,966,313</b>	<b>94.82%</b>
U.S. Dollar Fund of Fund Investments with Quarterly Liquidity:			
105	Hudson Bay International Fund Ltd (equities)	109,663	2.09%
78	Hudson Bay International Fund Ltd (equities)	84,547	1.61%
35	Prisma Spectrum Fund Ltd (equities)	34,177	0.65%
30	Prisma Spectrum Fund Ltd (equities)	33,981	0.65%
105	Prisma Spectrum Fund Ltd (equities)	106,602	2.04%
	<b>Total U.S. Dollar Fund of Fund Investments with Quarterly Liquidity in Aggressive Growth Portfolio (cost:\$353,980)</b>	<b>368,970</b>	<b>7.04%</b>
	<b>Total investments in Aggressive Growth Portfolio (cost:\$4,468,385)</b>	<b>5,335,283</b>	<b>101.86%</b>
The total can be further broken down as follows:			
	<b>Funds where underlying securities are mainly equities (cost:\$4,468,385)</b>	<b>5,335,283</b>	<b>101.86%</b>
	<b>Total investments in Aggressive Growth Portfolio (cost:\$4,468,385)</b>	<b>5,335,283</b>	<b>101.86%</b>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2019**

(Expressed in United States dollars)

Number of units/shares		June 30, 2018 <u>Fair value</u>	% of net assets <u>of portfolio</u>
	<b>100% Fixed Income Portfolio</b>		
<u>Investments:</u>			
	Exchange Traded Funds and Investments with Daily Liquidity:		
	U.S. Dollar		
312	Blackrock Institutional cash series USD liquidity fund (money market)	<u>45,947</u>	<u>42.53%</u>
	Total U.S. Dollar (cost:\$45,284)	<u>45,947</u>	<u>42.53%</u>
	Total Exchange Traded Funds and Investments with Daily Liquidity in 100% Fixed Income Portfolio (cost:\$45,284)	<u>45,947</u>	<u>42.53%</u>
	Total investments in 100% Fixed Income Portfolio (cost:\$45,284)	<u>45,947</u>	<u>42.53%</u>
	The total can be further broken down as follows:		
	Funds where underlying securities are mainly money market (cost:\$45,284)	<u>45,947</u>	<u>42.53%</u>
	Total investments in 100% Fixed Income Portfolio (cost:\$45,284)	<u>45,947</u>	<u>42.53%</u>
	<b>Total investments in Plan (cost:\$485,124,841)</b>	<b><u>542,061,707</u></b>	
	The total investment in Plan can be further broken down as follows:		
	Funds where underlying securities are mainly equities (cost:\$287,090,590)	341,609,764	58.89%
	Funds where underlying securities are mainly bonds (cost:\$197,988,967)	200,405,996	34.55%
	Funds where underlying securities are mainly money market (cost:\$45,284)	<u>45,947</u>	<u>0.01%</u>
	<b>Total investments in Plan (cost:\$485,124,841)</b>	<b><u>542,061,707</u></b>	<b><u>93.45%</u></b>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED JUNE 30, 2019**

(Expressed in United States dollars)

	<u>2019</u>	<u>Year ended June 30, 2018</u>
<b>Revenue</b>		
Interest income	651,713	467,351
Dividend income	6,345,886	5,720,465
Miscellaneous income	737	89
Net realized gain on financial assets at fair value through profit or loss	21,475,674	9,536,335
Net change in fair value of financial assets at fair value through profit or loss	<u>6,574,876</u>	<u>15,158,975</u>
Total revenue	<u>35,048,886</u>	<u>30,883,215</u>
<b>Expenses</b>		
Administration, accounting and secretarial fees (Note 6)	2,696,404	2,793,367
Investment management fees (Note 7)	1,273,454	1,247,018
Printing	100,534	158,964
Government and registration fees	496,583	473,093
Other expenses	<u>442,090</u>	<u>494,508</u>
Total expenses	<u>5,009,065</u>	<u>5,166,950</u>
<b>Operating income</b>	<u>30,039,821</u>	<u>25,716,265</u>
Withholding tax on dividends	<u>629,143</u>	<u>968,739</u>
<b>Net increase in net assets available for benefits resulting from operations</b>	<u>\$ 29,410,678</u>	<u>\$ 24,747,526</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**YEAR ENDED JUNE 30, 2019**

(Expressed in United States dollars)

	<u>2019</u>	<u>Year ended June 30, 2018</u>
<b>Additions/deductions to net assets available for benefits attributed to:</b>		
<b>Operations:</b>		
Net increase in net assets available for benefits resulting from operations	<u>29,410,678</u>	<u>24,747,526</u>
<b>Contributions:</b>		
Employers	29,438,736	28,828,318
Participants	26,547,460	24,758,198
Transfers from other plans	<u>8,162,158</u>	<u>5,031,970</u>
Net increase in net assets available for benefits from contributions	<u>64,148,354</u>	<u>58,618,486</u>
Total net additions	<u>93,559,032</u>	<u>83,366,012</u>
<b>Deductions from net assets available for benefits attributed to:</b>		
Benefits paid to participants (Note 5)	27,752,226	37,912,180
Transfers to other plans	<u>3,359,783</u>	<u>2,249,992</u>
Total deductions	<u>31,112,009</u>	<u>40,162,172</u>
<b>Net increase in net assets available for benefits</b>	62,447,023	43,203,840
Net assets available for benefits at beginning of year	<u>580,041,013</u>	<u>536,837,173</u>
Net assets available for benefits at end of year	<u>\$ 642,488,036</u>	<u>\$ 580,041,013</u>

The accompanying notes are an integral part of these financial statements.



**THE SILVER THATCH PENSION PLAN**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2019**

(Expressed in United States dollars)

	<u>Year ended</u> <u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Interest received	651,713	467,351
Dividends received, net of withholding tax	5,663,587	4,737,790
Miscellaneous income received	737	89
Fees and expenses paid	(4,991,373)	(5,126,184)
Purchase of investments	(243,769,497)	(202,203,638)
Proceeds from sale of investments	<u>277,644,117</u>	<u>171,829,495</u>
Net cash provided by/(used in) operating activities	<u>35,199,284</u>	<u>(30,295,097)</u>
<b>Cash flows from financing activities</b>		
Contributions from employers and participants	56,828,073	53,561,569
Transfers from other plans	8,162,158	5,031,970
Benefits paid to participants	(29,897,654)	(36,503,518)
Transfers to other plans	<u>(3,359,783)</u>	<u>(2,249,992)</u>
Net cash provided by financing activities	<u>31,732,794</u>	<u>19,840,029</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	66,932,078	(10,455,068)
<b>Cash and cash equivalents at beginning of year</b>	<u>47,942,672</u>	<u>58,397,740</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 114,874,750</u>	<u>\$ 47,942,672</u>

The accompanying notes are an integral part of these financial statements.

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

#### 1. Introduction and background information

The Silver Thatch Pension Plan (the “Plan”) was established under the laws of the Cayman Islands by a Declaration of Trust (the “Trust Deed”) on June 30, 1997 as a membership controlled, private sector operated trust fund to enable all Caymanians and other Cayman Islands residents to participate in a locally structured and managed retirement plan. The Plan’s registration number is OSP/19/B0003 and principal address is P.O. Box 31694, Grand Cayman. The Plan has no employees. All of the Trustees of the Plan are also individual members of the Plan and may also be employers of members of the Plan.

The Trustees proposed and passed a resolution at the Annual General Meeting of participants of the Plan on December 4, 2003 amending the investment program to increase the number of portfolios offered by the Plan. The existing portfolio was replaced with three separate portfolios: the Conservative Portfolio, the Balanced Portfolio and the Growth Portfolio. Participants’ contributions mandated by the NPL will be directed to one of these three portfolios based upon the profile of each participant derived from their age, estimated annual income and marital status. Participants can use their discretion in directing voluntary contributions only, to any of the three portfolios, plus an additional two portfolios, the Aggressive Growth Portfolio and the 100% Fixed Income Portfolio. On November 30, 2004, the Cayman Islands National Pensions Office provided regulatory approval of the above amendments to the Plan, and the launch date of the new investment program was January 1, 2005. The 100% Fixed Income Portfolio was funded for the first time in April 2017.

The following description of the Plan provides only general information. Participants should refer to the Trust Deed for a more complete description of the Plan’s provisions.

**General:** The Plan is a defined contribution pension plan. Its participants are primarily Caymanians or Cayman Islands residents who either work for an employer participating in the Plan or are self-employed. The Plan is subject to the provisions of the National Pensions (Amendment) Law, 2016 of the Cayman Islands (“NPL”), which became effective on December 31, 2016. The financial statements have been updated with the impact of the new law. The Plan is divided into units in accordance with the Trust Deed. The Trustees of the Plan are expected to review the Trust Deed along with current procedures and guidelines when necessary and make the appropriate changes to the Trust Deed to comply with the Regulations of the NPL.

**Contributions:** If an employer is a contributor, then the normal contribution rate is 10% of the employee’s earnings (up to the maximum pensionable earnings), typically, being borne equally by the employee and employer. The normal contribution for self-employed participants is 10% of the participant’s earnings (up to the maximum pensionable earnings). Any contribution more than the normal contribution is classified as Additional Voluntary Contributions (“AVC”).

**Participant accounts:** Net assets available for benefits consist of the total participants’ accounts. Each participant’s account is credited with the contributions received in respect of that participant which are applied in the purchase of units in the Plan. These units are calculated by dividing each participant’s contributions by the unit value. The unit value is formally calculated by Intertrust Corporate Services (Cayman) Limited (the “Administrator”), of the Plan on the last business day of each month (the “valuation date”). The value of any benefits paid to a participant or his/her beneficiaries is deducted from the participant’s account.

**Payment of benefits:** Participants are entitled to receive benefits by way of redemption of units, on the basis of termination of employment and residence in the Cayman Islands, retirement, permanent medical disability or death, at the discretion of the Trustees and in accordance with the NPL. Effective March 31, 2017, participants have permitted access to AVC prior to reaching the normal age of pension entitlement on the basis of temporary unemployment, housing purposes, educational and medical purposes.

**Transfers:** A participant can elect to transfer his or her units if he or she ceases to be employed by an employer who has participated in this Plan and who is then employed by an employer who does not participate in this Plan, or whose employer ceases to participate in this Plan. The date of transfer is the immediately following contribution date which falls at least three business days following the receipt of the election to transfer. The Plan, in accordance with the Regulations of the NPL, executes transfers within 45 days following the receipt of the transfer election.

## **THE SILVER THATCH PENSION PLAN**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

#### **1. Introduction and background information (continued)**

**Investment policy:** The Plan is invested in such shares, securities or other investments wherever situated as permitted by the NPL. There are five different investment portfolios that target different investment objectives, with their investment risk levels ranging from low to high. Investments are diversified as far as is reasonably practical to ensure that risk is not unduly concentrated in any one type of investment, area or currency other than the U.S. Dollar.

#### **2. Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation:**

The financial statements of the Plan have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Trustees to exercise their judgment in the process of applying the Plan's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(a) Standards and amendments to existing standards effective June 30, 2019 year end:

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognized at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

IFRS 9 has been applied retrospectively by the Plan and did not result in a change to the classification or measurement of financial instruments. The Plan's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortized cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on June 30, 2018 that have a material effect on the financial statements of the Plan.

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

#### 2. Significant accounting policies (continued)

(b) New standards, amendments and interpretations effective after July 1, 2018 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after June 30, 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Plan.

The significant accounting policies of the Plan, which have been consistently applied to all years presented (unless otherwise stated), are as follows:

**Investment transactions:** The Plan classifies its investments based on both the Plan's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Plan is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Plan has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Plan's debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Plan's business model's objective. Consequently, all investments are measured at fair value through profit or loss. Investment transactions are accounted for on a trade date basis (the date the order is executed). Realized and unrealized gains and losses are calculated on the first in first out cost basis and are recognized in the Statement of Comprehensive Income in the period in which they arise. Transactions costs are expensed as incurred and have been included in gains and losses on investments.

**Valuations of investments:** Investments in securities for which market quotations are not readily available are valued at their fair value using methods which are in accordance with recognized accounting and financial principles and which have been approved by the Trustees. In this context, investments in investment funds which are not publicly traded are valued at the net asset valuations provided by the managers of the investment funds unless the Trustees are aware of good reasons why such a valuation would not be the most appropriate indicator of fair value. Such valuations could differ significantly from the values that would have been used had ready markets existed, and the differences could be material. Securities that are traded on recognized securities exchanges are valued by reference to quotations provided by the market on which the securities are traded on the last day of trading in the period.

The investment manager reviews the details of the reported information obtained from the investment funds and considers: (i) the liquidity of the investment funds or its underlying investments, (ii) the value date of the net asset value ("NAV") provided, (iii) any restrictions on redemptions and (iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the fund advisors. If necessary, the investment manager makes adjustments to the NAV of various investment funds to obtain the best estimate of fair value.

**Interest income:** Interest income is recognized in the Statement of Comprehensive Income using the effective interest method.

**Dividend income:** Dividend income is recognized at the time the income becomes receivable (the "ex-dividend" date).

**Contributions and transfers from other plans:** Contributions and transfers from other plans are accounted for as the cash is received by the administrator.

**Expenses:** Expenses are accounted for on the accrual basis.

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

#### 2. Significant accounting policies (continued)

**Benefit payments and transfers to other plans:** Benefit payments and transfers to other plans are accounted for on the accrual basis. These payments or transfers take place monthly, and the starting point, frequency and duration depend on the nature and regulations governing such payment or transfer.

**Advance payment for investments:** Amounts paid in advance of the subscription date for the purchase of an investment in an investment fund are recorded as advance payments for investments.

**Foreign currencies:** Transactions in foreign currencies are translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at the valuation date. The Plan does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held. Such fluctuations are included with the net realized and change in unrealized gain or loss on investments in the Statement of Comprehensive Income in the period in which they arise. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within Miscellaneous income.

**Functional and presentation currency:** Items included in the Plan's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the United States dollar ("U.S. Dollar"), which reflects the Plan's primary activity of investing in U.S. Dollar denominated investments. In addition, the Plan has adopted the U.S. Dollar as its presentation currency.

**Cash and cash equivalents:** For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of financial institution balances on demand and at short notice and are measured at amortized cost.

**Allocation of expenses to portfolios:** Expenses attributable to all portfolios are allocated monthly to each of the portfolios on a pro rata basis in the proportion that the net asset value attributable to each portfolio at the beginning of each month bears to the aggregate net asset value of the total Plan. Any expenses attributable to a specific portfolio are allocated to the applicable portfolio, as determined by the Trustees.

**Comparatives:** Certain comparative disclosures have been adjusted to conform to the current year's presentation.

#### 3. Investments

The Plan's investments are managed by the investment manager, Deutsche Bank International Limited, under a discretionary investment agreement. The Plan's investments for each portfolio at June 30, 2019 and 2018 are detailed in the Schedule of Investments. Details of the net rates of return for the portfolios are as follows:

	Year ended	
	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Balanced Portfolio	5.67%	5.40%
Growth Portfolio	4.72%	8.26%
Conservative Portfolio	6.33%	2.45%
Aggressive Growth Portfolio	4.21%	10.68%
100% Fixed Income Portfolio	1.55%	1.39%

In accordance with the National Pensions (Pension Fund Investments) Regulations the above returns have been calculated on a time-weighted basis using the Modified Dietz method consistent with the current requirements of the Global Investment Performance Standards ("GIPS"). The return is calculated net of withholding taxes and investment management fees of the underlying investment funds (see Note 7), but prior to the effects of direct expenses of the Plan (see Note 7 and Table 1, Note 8).

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. Investments (continued)**

The investment portfolio at June 30, 2019 and 2018 represents investments in investment funds which have been fair valued in accordance with the policies set out in Note 2 above and are detailed in the Schedule of Investments. With the exception of the exchange traded funds, the investment funds are not publicly traded, and redemption can only be made by the Plan on the redemption dates and subject to the required notice periods specified in the offering documents of each of the investment funds. With the exception of the Aurora and Prisma funds (which were held at June 30, 2018 and disposed of during the current year), and Hudson Bay and White Box, all non-exchange traded investment funds were redeemable on a daily basis with one day notice prior to the dealing day. See Note 11 for further details on Aurora Offshore Fund Ltd. II. The Prisma funds were redeemable as of the last day of any calendar quarter, upon not less than 65 days' prior written notice. Hudson Bay International Fund Ltd. offers quarterly liquidity with 65 days' notice and a 25% investor level gate. White Box Multi Strategy Fund Ltd has redemption period of 45 calendar days' notice and of no other limits around this. The Plan's holding in a third party investee fund, as a percentage of the investee fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the investee fund level. It is possible that the Plan may, at any point in time, hold a majority of an investee fund's total units in issue.

**4. Accounts payable**

	<u>2019</u>	<u>June 30,</u> <u>2018</u>
Administration, accounting and secretarial fees (Note 6)	477,279	472,077
Investment management fees (Note 7)	223,582	211,090
Audit and other payables	71,999	72,001
Total accounts payable	<u>\$ 772,860</u>	<u>\$ 755,168</u>

**5. Benefits**

Benefits paid to participants leaving the Plan are analysed as follows:

	<u>2019</u>	<u>June 30,</u> <u>2018</u>
Termination of residence (lump sum payments)	12,437,406	16,734,393
Retirement benefits (lump sum and annual income payments)	8,610,329	9,245,622
AVC benefits (lump sum payments)	4,263,062	7,847,368
Pension for property withdrawals (lump sum payments)	1,938,772	2,991,158
Disability benefits (lump sum and annual income payments)	116,118	87,403
Death benefits (lump sum payments)	386,539	1,006,236
	<u>\$ 27,752,226</u>	<u>\$ 37,912,180</u>

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

#### 6. Administration, accounting and secretarial fees

The Plan is administered by Intertrust Corporate Services (Cayman) Limited (“ICSL”). ICSL has entered into an agreement to delegate certain duties and obligations including the member services administration and correspondence of the Plan to an independent third party service provider. ICSL receives administration fees on a sliding scale basis. The fee is payable monthly in arrears and is calculated based on the monthly net asset value of the total Plan.

The fees are allocated to each portfolio on a pro rata basis in the proportion that the net asset value attributable to each portfolio at the beginning of each month bears to the aggregate net asset value of the total Plan.

During the year, effective November 1, 2018, the agreement, scope of service of fee terms were updated. The revised fee terms are calculated on a sliding scale as follows:

<u>Monthly net asset value</u>	<u>Administration fee charged</u>
• First US\$250 million	0.060%
• US\$250 million to US\$750 million	0.050%
• US\$750 million to US\$1 billion	0.040%

Prior to this amendment, the fee terms were:

<u>Monthly net asset value</u>	<u>Administration fee charged</u>
• First US\$100 million	0.835%
• US\$100 million to US\$150 million	0.535%
• US\$150 million to US\$200 million	0.485%
• US\$200 million to US\$250 million	0.435%
• US\$250 million and above	0.385%

As part of the above amendments to the ICSL agreement, the plan has engaged Saxon Administration Ltd. (“Saxon”) to perform certain administration services. Effective November 1, 2018, Saxon receives a NAV based fee in a sliding scale, as follows:

<u>Monthly net asset value</u>	<u>Administration fee charged</u>
• First US\$250 million	0.510%
• US\$250 million to US\$500 million	0.300%
• US\$500 million to US\$750 million	0.250%
• US\$750 million to US\$1 billion	0.220%

This fee is calculated and payable monthly based on daily Net asset value.

#### 7. Investment management and other fees related to investments

Deutsche Bank International Limited acts as the Plan’s investment manager. In consideration for these services, the investment manager was paid the following annual rates, billed monthly in arrears and calculated based on the assets under management as appraised every month:

First \$100,000,000 at 30 basis points;  
On the next \$125,000,000 at 24 basis points;  
On the next \$150,000,000 at 20 basis points;  
Remainder at 18 basis points

Deutsche Bank International Limited (Deutsche Bank) acts as the Plan’s custodian. The fees above include the fees charged for the custody services provided under the custodian agreement.

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**7. Investment management and other fees related to investments (continued)**

The Plan invests in the following investment funds with fee arrangements as follows:

<u>Investment Fund</u>	<u>Annual Management Fee</u>	
	<u>2019</u>	<u>2018</u>
Aberdeen Funds**	-	0.75%
Alger American Asset Growth**	-	0.85%
Aurora Offshore Funds**	-	1.00%
AXA Global Inflation Linked**	-	0.60%
Blackrock Funds**	-	0.75%
BlackRock USD Liquidity Fund**	-	0.20%
BlackRock US Treasury Fund**	-	0.15%
Cullen Fund PLC - North American High Dividend Value Equity Fund	0.75%	-
Edgewood US Select Growth	1.49%	0.75%
Franklin European Small-Mid Cap Growth Fund I	0.70%	0.70%
Franklin Templeton Global Return Fund	0.55%	0.55%
Hudson Bay International Fund	2.00%	2.00%
Blackrock Institutional cash series USD liquidity fund (money market)	0.20%	-
iShares Core U.S. Treasury Bond ETF	0.15%	0.15%
iShares Corporate Bond UCITS	0.20%	0.20%
iShares Edge SP&P 500 Minimum Volatility UCITS ETF	0.20%	-
iShares MSCI Japan ETF	0.47%	0.49%
iShares MSCI Pacific ex Japan ETF	0.48%	0.49%
iShares USD Treasury Bond 7-10yr UCITS ETF	0.20%	-
JPM Emerging Market Opportunities	0.85%	0.85%
Jupiter JGF - European Growth	0.75%	-
M&G Optimal Income**	-	0.75%
M&G (Lux) Optimal Income	0.75%	-
MFS Meridan US Value	0.75%	0.75%
Pimco Funds	0.49%	0.49%
Prisma Spectrum Funds**	-	1.50%
Schroder ISF Small & Midcaps	1.31%	1.31%
SPDR Eurostoxx 50 ETF	0.29%	0.29%
UBS ETF (CH) - SMI	0.21%	-
Vanguard S&P 500 UCITS ETF	0.07%	0.07%
Vanguard Short-Term Corporate Bond ETF**	-	0.07%
Vanguard Total World Stock ETF**	-	0.11%
Vontobel Fund- mtX Sustainable Emerging Markets Leaders	0.83%	-
Wisdomtree Europe Hedged ETF	0.58%	0.58%
White Box Multi Strategy Fund Ltd	1.50%	-
	<u>Annual Performance Fee</u>	
<u>Investment Fund</u>	<u>2019</u>	<u>2018</u>
Aurora Offshore Fund**	-	10.00%
Hudson Bay International Fund*	20.00%	20.00%
Prisma Spectrum Fund**	-	5.00%
White Box Multi Strategy Fund Ltd	20.00%	-

\* There is no hurdle rate, it operates a high water mark for the performance fee to apply.

\*\* Investment is not held at June 30, 2019.

The value of the Plan's investments is net of all fees charged at the investee fund level as described above.



**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**8. Expense ratio**

The expense ratios (excluding the fees which are expenses of the underlying investment funds, as described in Note 7) for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Balanced Portfolio	0.84%	0.91%
Growth Portfolio	0.85%	0.91%
Conservative Portfolio	0.82%	0.90%
Aggressive Growth Portfolio	0.82%	0.90%
100% Fixed Income Portfolio	0.76%	1.47%

The expense ratios (including the fees which are expenses of the underlying investment funds, as described in Note 7) for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Balanced Portfolio	1.38%	1.52%
Growth Portfolio	1.42%	1.58%
Conservative Portfolio	1.32%	1.45%
Aggressive Growth Portfolio	1.36%	1.52%
100% Fixed Income Portfolio	0.80%	1.55%

In accordance with the National Pensions (Pension Fund Investments) Regulations the expense ratio is calculated based on total expenses (including the fees which are expenses of the underlying investment funds which are not direct expenses of the Plan, as described in Note 7 above) as a percentage of average monthly net assets. The expense ratio excludes dividend withholding tax expenses.

**9. Plan termination**

The Trustees may at any time, with written notice as required by the NPL, determine that the Plan shall forthwith terminate, and upon termination either:

- a. refund the participants' entitlements under the Plan; or
- b. transfer all sums credited to a participant's account to another pension plan approved by the Trustees in accordance with the NPL for the benefit of the participant.

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**10. Financial instruments and associated risks**

The following is not intended to be a comprehensive summary of all risks.

**Strategy in using financial instruments:** The Plans' activities expose them to a variety of financial risks which includes price risk, currency risk and interest rate risk.

**Market risk/concentration of risk:** The Plan's activities expose it to effects of fluctuations in financial markets. Although the strategies of the Plan's portfolios are to diversify their investments through various external fund managers, it is possible that the investment activity of such fund managers may result in the Plan being exposed to significant concentration of investments in markets and/or individual investments, including investments funds, which may be both volatile and illiquid. As discussed in Note 3, certain investments of the Plan may be subject to specific restrictions on transferability and disposal. Consequently, risks exists that the Plan may not be able to readily dispose of its holdings in such investments when it chooses and also that the price attained on a disposal is below the amount at which such investments are included in the Plan's Statement of the Net Assets Available for Benefits.

**Interest risk:** No fiduciary or time deposits are held by the Plan at June 30, 2019 and 2018. As a result, the Plan does not have any material direct interest rate risk.

**Currency risk:** Although substantially all of the Plan's investments are denominated in U.S. Dollar, the Plan may from time to time invest in investment funds denominated in currencies other than the functional currency, the U.S. Dollar. The Plan does not hold significant cash and cash equivalents denominated in currencies other than the U.S. Dollar. The Schedule of Investments discloses the Plan's investments by currency denomination.

The Plan's policy is not to manage the Plan's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. When the investment manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Plan, the investment manager factors that into its portfolio allocation decisions. Consequently, the Plan is exposed to risks that the exchange rate of the U.S. Dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Plan's assets which are denominated in currencies other than the U.S. Dollar. The Plan is also indirectly exposed to additional foreign currency risk in that the investment holdings within the investment funds held by the Plan may be denominated in currencies other than the U.S. Dollar., however this additional exposure is deemed insignificant.

In accordance with the Plan's policy, the investment manager monitors the Plan's foreign exchange exposure on a daily basis and the Trustees review it on a bi-monthly basis.

At June 30, 2019 and 2018 substantially all of the Plan's investments were denominated in U.S. Dollar. As a result, the Plan does not have any material currency risk.

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**10. Financial instruments and associated risks (continued)**

**Price risk:** Equity price risk exists to the extent that the value of an equity investment will fluctuate as a result of changes in market prices, regardless of whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. A sensitivity analysis to changes in equity prices is given below.

All investments present a risk of loss of capital. The Plan moderates this risk through a careful selection of investment funds which have specific investment objectives. The maximum risk resulting from financial instruments is reflected by the fair value of the financial instruments. The Plans' overall investment positions are monitored on a weekly basis by the investment manager.

A reasonable possible change is management's assessment, based on historical data, of what is a reasonable possible percentage movement in the value of investments following each respective strategy in USD terms over a twelve-month period. The impact on profit is calculated by applying the reasonable possible movement determined for each strategy to the value of each underlying fund held by the Plan at June 30, 2019 and 2018. The analysis is based on the assumption that the returns on each strategy have increased or decreased as disclosed with all other variables held constant, and excludes the possible impact of any performance fees.

Strategy	Reasonable possible change (%)	Impact on profit (+ or - \$' 000)	
		June 30, 2019	June 30, 2018
Balanced	10	31,618	31,411
Growth	15	18,673	20,863
Conservative	5	4,527	4,174
Aggressive Growth	20	889	1,067
100% Fixed Income	0	-	-
TOTAL		55,707	57,515

**Credit risk:** Financial assets which potentially subject the Plan to concentrations of credit risk are cash and cash equivalents. The aggregate extent of the Plan's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Plan's Statement of Net Assets Available for Benefits. Additionally, the Plan's cash is placed with financial institutions considered by the Trustees to be of high credit quality. The bank balances as at June 30, 2019 and 2018 are held in accounts at the administrator and the custodian. The investment manager can place cash with other third party financial institutions that are deemed high credit quality by the investment manager.

At June 30, 2019, the Plan's cash was held with financial institutions with the following Moody or Fitch ratings:

Moody or Fitch Rating	Balanced Portfolio	Growth Portfolio	Conservative Portfolio	Aggressive Growth Portfolio	100% Fixed Income Portfolio
Aa2	15%	0%	32%	55%	29%
A3	0%	0%	1%	2%	1%
A3	85%	100%	66%	41%	69%
NR	0%	0%	1%	2%	1%

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

#### 10. Financial instruments and associated risks (continued)

##### Credit risk (continued):

At June 30, 2018, the Plan's cash was held with financial institutions with the following Moody or Fitch ratings:

Moody or Fitch Rating	Balanced Portfolio	Growth Portfolio	Conservative Portfolio	Aggressive Growth Portfolio	100% Fixed Income Portfolio
A1	20%	0%	30%	0%	72%
A3	2%	0%	3%	0%	8%
Baa2	77%	100%	65%	100%	16%
NR	1%	0%	2%	0%	4%

The clearing and depository operations for the Plan's security transactions are mainly concentrated with one custodian, namely Deutsche Bank (A3) (2018: Baa2). The Plan is subject to credit risk and possible losses should Deutsche Bank be unable to fulfill its obligations to the Plan. At June 30, 2019 and 2018, substantially all cash and cash equivalents, balances due from investments are either held with or placed in custody with Deutsche Bank.

**Liquidity risk:** The Plan is exposed to cash redemptions from plan participants. Refer to Note 3 for details on investments. It invests its assets in investments that allow redemptions, subject to varying notices periods, ranging in frequency from daily to quarterly. The Plan's investments include both exchange traded and non exchange traded investments in investment funds which are listed on an organized public market. In accordance with the Regulations of the NPL, all investments are listed on those exchanges so recognized by the Regulations. It is possible in certain circumstances that the underlying investment funds may impose redemption gates, suspend redemptions, or transfer certain assets to side pockets which have restricted redemption terms. As a result, the Plan may not be able to liquidate quickly its investments in these instruments at an amount close to fair value in order to respond to its liquidity requirements or to other specific market events. See Note 11 for suspension of redemptions from Aurora Offshore Fund Ltd. II, which was held at June 30, 2018. Substantially all the Plan's liabilities (excluding net assets available for benefits) are due within one month. The investment manager monitors the Plan's liquidity position on a monthly basis.

**Fair values:** At June 30, 2019 and 2018, the carrying amount of the Plan's assets and liabilities, approximated their fair values. The fair values of the Plan's investments are disclosed in the Schedule of Investments.

#### 11. Fair value disclosures

The Plan adopted the amendment to IFRS 7, effective July 1, 2009. This requires the Plan to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized 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 judgment, considering factors specific to the asset or liability.

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

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**11. Fair value disclosures (continued)**

The following table analyses within the fair value hierarchy the Plan's financial assets and liabilities (by class) measured at fair value at June 30, 2019:

**Balanced Portfolio**

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	183,894,847	-	-	183,894,847
– Exchange Listed Investment Funds with daily liquidity	-	100,891,308	-	100,891,308
– Fund of Funds with monthly/quarterly liquidity	-	31,394,871	-	31,394,871
<b>Total assets</b>	<b>183,894,847</b>	<b>132,286,179</b>	<b>-</b>	<b>316,181,026</b>

**Growth Portfolio**

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	67,425,566	-	-	67,425,566
– Exchange Listed Investment Funds with daily liquidity	-	46,526,313	-	46,526,313
– Fund of Funds with monthly/quarterly liquidity	-	10,536,346	-	10,536,346
<b>Total assets</b>	<b>67,425,566</b>	<b>57,062,659</b>	<b>-</b>	<b>124,488,225</b>

**Conservative Portfolio**

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	55,874,747	-	-	55,874,747
– Exchange Listed Investment Funds with daily liquidity	-	24,451,292	-	24,451,292
– Fund of Funds with monthly/quarterly liquidity	-	10,223,642	-	10,223,642
<b>Total assets</b>	<b>55,874,747</b>	<b>34,674,934</b>	<b>-</b>	<b>90,549,681</b>

**Aggressive Growth Portfolio**

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	2,484,847	-	-	2,484,847
– Exchange Listed Investment Funds with daily liquidity	-	1,655,813	-	1,655,813
– Fund of Funds with monthly/quarterly liquidity	-	305,291	-	305,291
<b>Total assets</b>	<b>2,484,847</b>	<b>1,961,104</b>	<b>-</b>	<b>4,445,951</b>

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**11. Fair value disclosures (continued)**

**100% Fixed Income Portfolio**

<b><u>Assets</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total balance</u></b>
Financial assets at fair value through profit or loss:				
– Exchange Listed Investment Funds with daily liquidity	-	47,029	-	47,029
<b>Total assets</b>	<b>-</b>	<b>47,029</b>	<b>-</b>	<b>47,029</b>

The following table analyses within the fair value hierarchy the Plan's financial assets and liabilities (by class) measured at fair value at June 30, 2018:

**Balanced Portfolio**

<b><u>Assets</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total balance</u></b>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	186,839,067	-	-	186,839,067
– Exchange Listed Investment Funds with daily liquidity	-	89,513,310		89,513,310
– Fund of Funds with monthly/quarterly liquidity	-	37,707,877	47,909	37,755,786
<b>Total assets</b>	<b>186,839,067</b>	<b>127,221,187</b>	<b>47,909</b>	<b>314,108,163</b>

**Growth Portfolio**

<b><u>Assets</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total balance</u></b>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	75,023,178	-	-	75,023,178
– Exchange Listed Investment Funds with daily liquidity	-	49,652,151	-	49,652,151
– Fund of Funds with monthly/quarterly liquidity	-	14,389,071	24,349	14,413,420
<b>Total assets</b>	<b>75,023,178</b>	<b>64,041,222</b>	<b>24,349</b>	<b>139,088,749</b>

**Conservative Portfolio**

<b><u>Assets</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total balance</u></b>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	54,385,965	-	-	54,385,965
– Exchange Listed Investment Funds with daily liquidity	-	17,329,703	-	17,329,703
– Fund of Funds with monthly/quarterly liquidity	-	11,753,835	14,062	11,767,897
<b>Total assets</b>	<b>54,385,965</b>	<b>29,083,538</b>	<b>14,062</b>	<b>83,483,565</b>

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**11. Fair value disclosures (continued)**

**Aggressive Growth Portfolio**

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Financial assets at fair value through profit or loss:				
– Exchange Traded Funds	3,104,708	-	-	3,104,708
– Exchange Listed Investment Funds with daily liquidity	-	1,861,605	-	1,861,605
– Fund of Funds with monthly/quarterly liquidity	-	368,970	-	368,970
<b>Total assets</b>	<b>3,104,708</b>	<b>2,230,575</b>	<b>-</b>	<b>5,335,283</b>

**100% Fixed Income Portfolio**

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Financial assets at fair value through profit or loss:				
– Exchange Listed Investment Funds with daily liquidity	-	45,947	-	45,947
<b>Total assets</b>	<b>-</b>	<b>45,947</b>	<b>-</b>	<b>45,947</b>

The following table presents the movement in level 3 instruments for the year ended June 30, 2019 and 2018:

**Balanced Portfolio**

	June 30,	
	2019	2018
Opening balance	47,909	128,657
Purchases	-	-
Sales	(25,286)	(51,307)
Transfers into level 3	-	-
Net losses recognized in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	(22,623)	(29,441)
Closing balance	-	47,909
Change in unrealized gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets and financial liabilities at fair value	-	(17,009)

**Growth Portfolio**

	June 30,	
	2019	2018
Opening balance	24,349	65,387
Purchases	-	-
Sales	(12,851)	(26,075)
Transfers into level 3	-	-
Net losses recognized in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	(11,498)	(14,963)
Closing balance	-	24,349
Change in unrealized gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets and financial liabilities at fair value	-	(8,649)

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**11. Fair value disclosures (continued)**

**Conservative Portfolio**

	June 30,	
	2019	2018
Opening balance	14,062	37,763
Purchases	-	-
Sales	(7,422)	(15,057)
Transfers into level 3	-	-
Net (losses)/gains recognized in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	(6,640)	(8,644)
Closing balance	-	14,062
Change in unrealized gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets and financial liabilities at fair value	-	(4,997)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities including exchange traded funds, most exchange traded derivatives, many US government treasury bills and certain non-US sovereign obligations. The Plan does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include, most investment-grade corporate bonds, investments in other funds where redemption is not restricted past six months, certain non-US sovereign obligations, thinly traded listed equities and some over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. level 3 instruments include private equity, certain restricted investments in other funds, and certain corporate debt securities.

At June 30, 2018, the only securities included in level 3 relate to positions in Aurora Offshore Fund Ltd. II whose trading had been suspended as at June 30, 2016. Aurora Offshore Fund Ltd. II commenced an orderly liquidation of the Fund's investments and planned to make periodic distributions of capital as investments are liquidated by way of a compulsory redemption of shares. The valuation inputs for these securities were based upon the net asset value per share as determined by the underlying asset manager and therefore not based on market observable inputs (i.e. active subscriptions and redemptions) and resulted in the reclassification to level 3. In addition, the Plan has \$45,557 (2018: \$Nil) due from Aurora Offshore Fund Ltd. II relating to the sale of underlying assets. At June 30, 2019, the Plan held no Level 3 investments.

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the end of the reporting period.



**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**12. Units in issue**

Units of the Plan are issued or redeemed on the first business day of each month at a price based on the underlying net asset value of the relevant portfolio at the opening of business on that date, and subject to the provisions of the Trust Deed. At June 30, 2019 there were 21,979 participants in the Plan (2018: 20,659).

Transactions in units are summarized as follows:

	<u>Balanced Portfolio</u>	<u>Growth Portfolio</u>	<u>Conservative Portfolio</u>	<u>Aggressive Growth Portfolio</u>	<u>100% Fixed Income Portfolio</u>
Outstanding units, at end of year June 30, 2017	193,834,415.74	83,368,355.84	57,985,102.06	2,888,820.40	308,002.43
Issued during the year (contributions and transfers from other plans/portfolios)	31,748,293.41	14,003,009.88	12,474,412.41	553,550.42	249,217.73
Redeemed during the year (benefit payments and transfers to other plans/portfolios)	<u>(20,495,363.14)</u>	<u>(17,580,184.32)</u>	<u>(8,172,455.67)</u>	<u>(685,119.57)</u>	<u>(450,897.64)</u>
Outstanding units, at end of year June 30, 2018	<u>205,087,346.01</u>	<u>79,791,181.40</u>	<u>62,287,058.80</u>	<u>2,757,251.25</u>	<u>106,322.52</u>
Issued during the year (contributions and transfers from other plans/portfolios)	31,881,637.13	15,146,380.29	13,548,535.02	1,023,349.91	422,271.40
Redeemed during the year (benefit payments and transfers to other plans/portfolios)	<u>(19,186,889.96)</u>	<u>(15,286,338.87)</u>	<u>(6,529,804.60)</u>	<u>(480,864.10)</u>	<u>(48,013.32)</u>
Outstanding units, at end of year June 30, 2019	<u>217,782,093.18</u>	<u>79,651,222.82</u>	<u>69,305,789.22</u>	<u>3,299,737.06</u>	<u>480,580.60</u>

The Plan's capital is primarily represented by net assets available for benefits. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 10, the Plan endeavours to invest the contributions received from members into appropriate investments while maintaining sufficient liquidity to meet benefit payments. The Plan is not subject to any externally imposed capital requirements.

**13. Taxation**

The Plan is not subject to any income, withholding or capital gains taxes in the Cayman Islands. Generally the Plan conducts its affairs so as not to be liable to taxation in any other jurisdiction; however, the Plan does invest indirectly through Exchange Traded Funds or Exchange Listed Investment Funds with daily liquidity in securities whose income is subject to nonrefundable foreign withholding taxes.

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**14. Regulatory requirements for asset allocation**

**For year ended June 30, 2019**

<u>Portfolio</u>	<b>Market value</b>					
	<u>Cash and Cash equivalents</u>	<u>% of Total</u>	<u>Equity</u>	<u>% of Total</u>	<u>Bonds</u>	<u>% of Total</u>
Balanced Portfolio	\$ 66,923,445	58%	\$ 180,041,069	58%	\$ 136,139,957	61%
Growth Portfolio	23,310,749	20%	101,149,125	32%	23,339,100	11%
Conservative Portfolio	22,077,466	19%	27,532,411	9%	63,017,270	28%
Aggressive Growth Portfolio	2,096,528	2%	4,445,951	1%	-	0%
100% Fixed Income Portfolio	466,562	1%	-	0%	-	0%
<b>Total</b>	<b>\$ 114,874,750</b>		<b>\$ 313,168,556</b>		<b>\$ 222,496,327</b>	
Percentage of Plan Assets (*) held	18%		48%		34%	

**For year ended June 30, 2019**

<u>Portfolio</u>	<b>Market value</b>		
	<u>Money Market Funds</u>	<u>% of Total</u>	<u>Total</u>
Balanced Portfolio	\$ -	0%	\$ 383,104,471
Growth Portfolio	-	0%	147,798,974
Conservative Portfolio	-	0%	112,627,147
Aggressive Growth Portfolio	-	0%	6,542,479
100% Fixed Income Portfolio	47,029	100%	513,591
<b>Total</b>	<b>\$ 47,029</b>		<b>\$ 650,586,662</b>
Percentage of Plan Assets (*) held	0%		100%

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**14. Regulatory requirements for asset allocation (continued)**

**For year ended June 30, 2018**

<u>Portfolio</u>	<u>Market value</u>					
	<u>Cash and Cash equivalents</u>	<u>% of Total</u>	<u>Equity</u>	<u>% of Total</u>	<u>Bonds</u>	<u>% of Total</u>
Balanced Portfolio	\$ 30,853,076	65%	\$ 189,785,557	55%	\$ 124,322,606	62%
Growth Portfolio	4,043,452	8%	117,253,137	34%	21,835,612	11%
Conservative Portfolio	12,843,938	27%	29,235,787	9%	54,247,778	27%
Aggressive Growth Portfolio	120,100	0%	5,335,283	2%	-	0%
100% Fixed Income Portfolio	82,106	0%	-	0%	-	0%
Total	<u>\$ 47,942,672</u>		<u>\$ 341,609,764</u>		<u>\$ 200,405,996</u>	
Percentage of Plan Assets (*) held	8%		58%		34%	

**For year ended June 30, 2018**

<u>Portfolio</u>	<u>Market value</u>		
	<u>Money Market Funds</u>	<u>% of Total</u>	<u>Total</u>
Balanced Portfolio	\$ -	0%	\$ 344,961,239
Growth Portfolio	-	0%	143,132,201
Conservative Portfolio	-	0%	96,327,503
Aggressive Growth Portfolio	-	0%	5,455,383
100% Fixed Income Portfolio	45,947	100%	128,053
Total	<u>\$ 45,947</u>		<u>\$ 590,004,379</u>
Percentage of Plan Assets (*) held	0%		100%

(\*) The references to the Percentage of Plan Assets held above refers to only the following Assets: Cash and cash equivalents, and Investments, at fair value.

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**15. Subsequent events**

The following table shows the percentage movements in the net asset value per share (“NAV”) of each of the Plan’s five portfolios for the period June 30, 2019 to August 31, 2019, based on the unaudited NAVs at August 31, 2019.

	NAV at June 30, 2019	NAV at August 31, 2019 (as provided by administrator)	% movement in NAV between June 30, 2019 and August 31, 2019 (as provided by administrator)*
Balanced	1.7377	1.7444	0.3856%
Growth	1.8361	1.8248	-0.6154%
Conservative	1.6000	1.6225	1.4063%
Aggressive Growth	1.9470	1.9300	-0.8731%
100% Fixed Income	1.0167	1.0167	0.0000%

\* This is a simple, straight-line calculation of the percentage change in NAV between June 30, 2019 and August 31, 2019. The Board of Trustees draws attention to the fact that this calculation has not been prepared in accordance with the methodology required under the Global Investment Performance Standards (“GIPS”; see Note 3) as this calculation is not yet available.