

INTELLIGENT INVESTOR VALUE FUND
ARSN 139 641 491

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

Directors' Report

The directors of Fundhost Limited, the Responsible Entity of the Intelligent Investor Value Fund ("the Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2014 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity is:
Suite 1, Level 9
70 Castlereagh Street
Sydney NSW 2000

Directors

The names of the directors of the Responsible Entity in office at any time during or since the end of the year are:

Valerie Anne Ridgway
Paul Ernest Dortkamp
Mark Sherwood Bennett

Directors have been in office since the start of the financial year to the date of this report.

Review of operations

During the year the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's constitution.

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income of these financial statements. The net operating profit for the year ended 30 June 2014 was \$5,814,099 (2013: profit \$7,744,781).

In respect of the financial year ended 30 June 2014, the directors of the Responsible Entity report the payment of a final distribution of \$3,124,816 (2013: \$2,643,195).

Significant changes in state of affairs

No significant changes in the Fund's state of affairs occurred during the financial year.

Principal activities

The principal activity of the Fund during the financial year was the investment and management of securities in accordance with its investment objectives and guidelines as set out in the Product Disclosure Statement and in accordance with the provisions of the Constitution.

The Fund did not have any employees during the year. (2013: nil)

No significant change in the nature of these activities occurred during the year.

Directors' Report (cont'd)

Events subsequent to the balance date

The name of the Investment Manager was changed to Forager Funds Management Pty Ltd on 1 July 2014. The Fund's name was changed to Forager Australian Shares Fund from that date.

Other than the name change above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely developments

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

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

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

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 3 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 1 of the financial statements.

Fees paid to and Interests held in the Fund by the Responsible Entity

Fees paid to the Responsible Entity out of Fund property during the year are disclosed in Note 10(a) of the financial statements.

The number of interests in the Fund held by the Responsible Entity as at the end of the financial year are disclosed in Note 10(c) of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

Environmental regulation

The Fund's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options granted to the Responsible Entity.

Directors' Report (cont'd)

Indemnities and insurance premiums for officers or auditors

No indemnities have been given or insurance premiums paid by the Fund, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Fund.

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditors, Ernst & Young, as part of terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Proceedings on behalf of the Fund

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

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

Rounding

The Fund is an entity to which ASIC class order 98/100 dated 10 July 1998 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors:



Mark Sherwood Bennett

Director

Dated at Sydney this 17th day of September 2014



Building a better
working world

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Auditor's Independence Declaration to the Directors of Fundhost Limited

In relation to our audit of the financial report of Intelligent Investor Value Fund for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm, written in black ink.

Ernst & Young

A handwritten signature of Rita Da Silva, written in black ink.

Rita Da Silva
Partner
17 September 2014

Intelligent Investor Value Fund - ARSN 139 641 491

**Statement of Comprehensive Income
For the year ended 30 June 2014**

	Note	2014 \$'000	2013 \$'000
Investment income			
Dividend income		883	547
Interest income		205	74
Change in fair value of financial instruments		5,986	8,034
Other income		15	12
Total investment income		7,089	8,667
Expenses			
Management fees	2	468	256
Performance fees	2	751	626
Transaction fees		10	8
Other expenses		46	32
Total expenses		1,275	922
Net operating profit before finance costs		5,814	7,745
Finance costs attributable to unitholders			
Distributions to unitholders	5	(3,125)	(2,643)
Net operating profit after finance costs		2,689	5,102
Other comprehensive income		-	-
Change in net assets attributable to unitholders		2,689	5,102

The accompanying notes form part of these financial statements

Intelligent Investor Value Fund - ARSN 139 641 491

**Statement of Financial Position
As at 30 June 2014**

	Note	2014 \$'000	2013 \$'000
Assets			
Cash and cash equivalents	9(a)	10,616	6,067
Receivables	7	297	973
Financial assets held at fair value through profit or loss	6	42,911	26,810
Total assets		<hr/> 53,824 <hr/>	<hr/> 33,850 <hr/>
Liabilities			
Payables	8	796	2,112
Distribution payable	5	3,125	2,643
Total liabilities (excluding net assets attributable to unitholders)		<hr/> 3,921 <hr/>	<hr/> 4,755 <hr/>
Net assets attributable to unitholders		<hr/> 49,903 <hr/>	<hr/> 29,095 <hr/>

The accompanying notes form part of these financial statements

Intelligent Investor Value Fund - ARSN 139 641 491

**Statement of Changes in Equity
For the year ended 30 June 2014**

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

The accompanying notes form part of these financial statements

Intelligent Investor Value Fund - ARSN 139 641 491

**Statement of Cash Flows
For the year ended 30 June 2014**

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Dividends received		929	459
Interest received		199	74
Other income received		15	12
Other expenses paid		(51)	(41)
Management fees and performance fees paid		(1,731)	(344)
Net cash (used in) / provided by operating activities	9(b)	(639)	160
Cash flows from investing activities			
Proceeds from sale of financial instruments held at fair value through profit and loss		20,748	12,177
Payment for financial instruments held at fair value through profit and loss		(31,126)	(12,904)
Net cash flow used in investing activities		(10,378)	(727)
Cash flows from financing activities			
Proceeds from issue of units		19,203	7,113
Payments for redemption of units		(2,475)	(983)
Distribution paid		(1,162)	(136)
Net cash provided by financing activities		15,566	5,994
Net increase in cash held		4,549	5,427
Cash at beginning of year		6,067	640
Cash at end of year	9(a)	10,616	6,067

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 1. Statement of Significant Accounting Policies

This financial report covers Intelligent Investor Value Fund as an individual entity.

Intelligent Investor Value Fund (the Fund) is a registered investment scheme under the Corporations Act 2001. The financial report of the Fund is for the year ended 30 June 2014.

The Intelligent Investor Value Fund was constituted and registered as a managed investment scheme on 6 October 2009 with the Australian Securities & Investments Commission ("ASIC").

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

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements were approved by the Board of Directors of the Responsible Entity on 17 September 2014.

On the face of the Statement of Financial Position all assets and liabilities are presented in decreasing order of liquidity and not distinguished between current and non-current.

The Fund is a for-profit entity for the purpose of preparing financial statements.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Reporting basis and conventions

The financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The financial report is presented in Australian Dollars.

(iii) Use of estimates and judgements

In the application of accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 1. Statement of Significant Accounting Policies (cont'd)

a. Investment income and expenses

Unrealised gains and losses on revaluation of investments to fair value, are recognised in the Statement of Comprehensive Income.

Realised gains and losses on sale are recognised as investment income in the Statement of Comprehensive Income. Gross proceeds from sale of investments are disclosed in the Statement of Cash Flows.

Dividend income is recognised on a receivable basis on the date the shares are quoted ex dividend.

Interest income and expenses are recognised in the Statement of Comprehensive Income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through the profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 1(l).

All expenses including management fees are recognised on an accrual basis in the Statement of Comprehensive Income.

b. Income tax

Under current legislation the Fund is not subject to income tax provided unitholders are presently entitled and taxable income including assessable capital gains is fully distributed to unitholders.

c. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at call deposits with banks or financial institutions and investments in money market instruments with original maturities of less than three months and net of bank overdrafts.

d. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% (55% for Responsible Entity fees) hence investment management fees, administration fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash Flows relating to GST are included in the statement of cash flows on a gross basis.

e. Distributions

In accordance with the Fund Constitution and applicable taxation legislation, the Fund fully distributes its distributable income to the unitholders by way of cash or reinvestment into the Fund.

The distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 1. Statement of Significant Accounting Policies (cont'd)

e. Distributions (cont'd)

Distributions to unitholders comprise the net income of the Fund to which the unitholders are presently entitled. The distributions are payable at the end of June each year.

f. Exit price

The unit exit price is calculated in accordance with the Constitution of the Fund and is determined by the value of the assets of the Fund less its liabilities adjusted for estimated transaction costs, divided by the number of units on issue.

g. Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

h. Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

i. Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. No exit fees are charged. Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue at or immediately prior to close of business each day.

j. Management fees

In accordance with the Constitution, the Fund's Responsible Entity is entitled to an administration fee of 0.26% per annum and the Fund Manager a management fee of 0.74% per annum of the value of the Fund payable on a monthly basis.

k. Performance fees

The Fund's managers are also entitled to a performance fee of 10% when the Fund outperforms the "benchmark", the benchmark being a return of 8% per annum. The performance fee is 10% of the gross return of the Fund in excess of 8% (ie before deduction of any fees, costs, expenses or taxes), calculated and paid semi-annually. The method of calculating the fee is detailed in the Constitution and summarised in the current Product Disclosure Statement.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 1. Statement of Significant Accounting Policies (cont'd)

I. Financial instruments

(i) Classification

The Fund's investments are classified as at fair value through profit or loss. They comprise:

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in Australian listed and unlisted securities.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

(a) Financial assets and liabilities held at fair value through profit or loss.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at last sale prices, while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 1. Statement of Significant Accounting Policies (cont'd)

l. Financial instruments (cont'd)

instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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

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

(b) Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any.

m. Impairment of assets

At each reporting date the Responsible Entity assesses whether there is objective evidence that a financial instrument has been impaired.

Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. A significant or prolonged decline in the fair value below cost is evidence of impairment.

If any such indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent year the amount of an impairment loss recognised on a financial asset carried at amortised cost increases and the increase can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

n. Rounding of amounts

The Fund is an entity to which ASIC class order 98/100 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

o. Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders' exercised their right to redeem units in the Fund.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 1. Statement of Significant Accounting Policies (cont'd)

p. Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

q. New standards and interpretations not yet adopted

Since 1 July 2013, the Fund has adopted the following new and amended Australian Accounting Standards which have become mandatory for adoption including:

AASB 10 Consolidated Financial Statements and AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

AASB 10 establishes a single new control model that applies to all entities. The standard is applicable to annual reporting periods beginning on or after 1 January 2013 therefore applies to the Fund from 1 July 2013.

AASB 2013-5 amends several accounting standards including AASB 10. This amendment applies to reporting periods beginning on or after 1 January 2014 and will therefore apply to the Fund from 1 July 2014. This amendment includes an exception from consolidation for entities, which meet the definition of an investment entity, and requires such entities to recognise all investments at fair value through profit and loss. The Fund meets the definition of an investment entity and elected to early adopt AASB 2013-5 in the current reporting period.

This standard did not have a material impact on the Fund's financial results or reporting position.

AASB 13 – Fair Value Measurement

AASB 13 applied to reporting periods beginning on or after 1 January 2013 and will therefore apply to the Fund from 1 July 2013. The standard does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value. It defines fair value as an exit price set out in a single standard framework for measuring fair value and requires disclosures about fair value measurements.

Application of AASB 13 did not impact on the Fund's financial position or performance. Additional disclosures where required, are provided in the individual notes related to the assets and liabilities whose fair values were determined.

r. New standards and interpretations not yet adopted

New Accounting Standards and Interpretations

Australian Accounting Standards issued but not yet effective

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting year ended 30 June 2014. When applied in future periods, these recently issued or amended standards are not

Intelligent Investor Value Fund - ARSN 139 641 491

**Notes to the Financial Statements
For the year ended 30 June 2014**

NOTE 1. Statement of Significant Accounting Policies (cont'd)

r. New standards and interpretations not yet adopted (cont'd)

expected to have a material impact on the Fund's financial results or reporting position, however, they may impact Financial Report disclosures.

AASB 9 – Financial Instruments - classification and measurement

AASB 9 applies to annual reporting periods beginning on or after 1 January 2018 and will therefore apply to the Fund from 1 July 2018. The Fund does not intend to early adopt AASB 9 as permitted by the standard. The application of the standard is not expected to change the measurement basis of any of the Fund's current financial instruments.

NOTE 2. Expenses

The amounts paid or due and payable to the Fund's managers in accordance with the Constitution were:

	2014 \$'000	2013 \$'000
Management fees	468	256
Performance fees	751	626

NOTE 3. Net assets attributable to unitholders

	2014 Units '000	2013 Units '000	2014 \$'000	2013 \$'000
Opening balance	24,037	18,413	29,095	17,617
Units issued during the period	13,245	6,276	19,084	7,219
Units redeemed during the period	(1,675)	(858)	(2,446)	(1,044)
Distribution reinvested	1,211	206	1,481	201
Change in net assets attributable to unitholders	-	-	2,689	5,102
Closing balance	36,818	24,037	49,903	29,095

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

NOTE 4. Capital risk management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net

Intelligent Investor Value Fund - ARSN 139 641 491

**Notes to the Financial Statements
For the year ended 30 June 2014**

NOTE 4. Capital risk management (cont'd)

assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of monthly applications and redemptions relative to the liquid assets in the Fund. During 2014, the Fund's strategy was to hold at least 90% of the net assets attributable to unitholders in liquid investments. Liquid assets include cash and cash equivalents and listed securities.

The Fund invests in listed securities, including property trusts and hybrids and some cash. The fund will invest no more than 10% of its assets into unlisted investments, ie companies that are likely to be listed in the near future or have been delisted.

NOTE 5. Distribution to unitholders

	2014	2013
	\$'000	\$'000
Distribution paid and payable	3,125	2,643
	CPU	CPU
Cents per unit	8.4871	10.9961

NOTE 6. Financial Assets Held at Fair Value through profit or loss

Designated at fair value through profit or loss	2014	2013
	\$'000	\$'000
Shares in companies listed on Australian Securities Exchange (ASX)	42,277	26,193
Unlisted equity securities	634	617
	<u>42,911</u>	<u>26,810</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 12.

NOTE 7. Receivables

	2014	2013
	\$'000	\$'000
Reduced input tax credits	10	7
Dividends and distributions	42	88
Interest	5	-
Amounts receivable on investments sold	-	545
Return of capital receivable	27	-
Applications not yet processed	213	333
	<u>297</u>	<u>973</u>

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 8. Payables

	2014	2013
	\$'000	\$'000
Management fees payable	44	553
Amounts owing on investments purchased	673	1,455
Amounts owing to redeeming unitholders	70	100
Recoverable fees payable	9	4
	<u>796</u>	<u>2,112</u>

NOTE 9. Cash Flow Information

	2014	2013
	\$'000	\$'000
a) Reconciliation of cash and cash equivalents		
Cash balance comprises:		
Cash at bank	6,286	6,067
Term deposit	4,330	-
Total cash and cash equivalents	<u>10,616</u>	<u>6,067</u>

b) Reconciliation of net operating income to cash flows from operating activities

	2014	2013
	\$'000	\$'000
Net operating profit before finance costs	5,814	7,745
Change in fair value of financial instruments	(5,986)	(8,034)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(505)	540
Increase/(decrease) in payables	38	(91)
Net cash (used in) / provided by operating activities	<u>(639)</u>	<u>160</u>

Non-cash items such as reinvestment of distribution are included in Note 3.

NOTE 10. Related Party Disclosures

a. Fundhost Limited - fees

Fundhost Limited (ACN 092 517 087) as Responsible Entity of the Intelligent Investor Value Fund provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Responsible Entity have taken place on normal commercial terms and conditions.

Intelligent Investor Value Fund - ARSN 139 641 491

**Notes to the Financial Statements
For the year ended 30 June 2014**

NOTE 10. Related Party Disclosures (cont'd)

a. Fundhost Limited – fees (cont'd)

During the year the following amounts were charged by the Responsible Entity:

	2014	2013
	\$	\$
Management fees	98,120	74,317

The amounts due and payable at 30 June to the Responsible Entity in accordance with the Constitution were:

Management fees	9,179	6,150
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b. Intelligent Investor Funds Pty Limited - fees

Intelligent Investor Funds Pty Limited (ABN 78 138 351 345) as Investment Manager of the Intelligent Investor Value Fund provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Investment Manager have taken place on normal commercial terms and conditions. From 1 July 2014, Intelligent Investor Funds Pty Limited was renamed Forager Funds Management Pty Ltd.

During the year the following amounts were charged by the Responsible Entity:

	2014	2013
	\$	\$
Management fees	369,513	181,768
Performance fees	750,883	626,626

The amounts due and payable at 30 June to the Investment Manager in accordance with the Constitution were:

Management fees	34,651	20,469
Performance fees	-	526,844

c. Fundhost Limited - Key Management Personnel

Fundhost Limited as Responsible Entity and Intelligent Investor Funds Pty Limited as Investment Manager are considered key management personnel. The Fund does not employ personnel in its own right.

The Directors of Fundhost Limited during the year were:

Valerie Anne Ridgway
Paul Ernest Dortkamp
Mark Sherwood Bennett

Intelligent Investor Value Fund - ARSN 139 641 491

**Notes to the Financial Statements
For the year ended 30 June 2014**

NOTE 10. Related Party Disclosures (cont'd)

c. Fundhost Limited - Key Management Personnel (cont'd)

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Units held in the Intelligent Investor Value Fund by the Responsible Entity and by Directors and their respective related parties in aggregate are nil (2013: nil).

Key management personnel are paid by Fundhost Limited. Payments made from the Fund to Fundhost Limited do not include any amounts attributable to the compensation of key management personnel.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year. (2013: nil)

There are no post-employment benefits paid to a director or key management personnel of the Responsible Entity. (2013: nil)

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the year and there were no material contracts involving director's interests existing at year end.

d. Intelligent Investor Funds Pty Limited - Key Management Personnel

The Directors of Intelligent Investor Funds Pty Limited during the year were:

Steve Johnson

Gregory Hoffman

The Directors of Forager Funds Management Pty Ltd from 1 July 2014 up to the date of this report were:

Steve Johnson

Gregory Hoffman

Units held in the Intelligent Investor Value Fund held by the Investment Managers and by Directors and their respective related parties in aggregate were:

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
2014					
Senefelder Super Fund	275,631	0.75%	22,734	-	23,393
Tema Super Fund	32,002	0.09%	-	-	2,716

Intelligent Investor Value Fund - ARSN 139 641 491

**Notes to the Financial Statements
For the year ended 30 June 2014**

NOTE 10. Related Party Disclosures (cont'd)

d. Intelligent Investor Funds Pty Limited - Key Management Personnel (cont'd)

Unitholder	Number of units held	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	(Units)	(%)	(Units)	(Units)	(\$)
2013					
Senefelder Super Fund	252,897	1.05%	7,426	150,000	27,809
Tema Super Fund	32,002	0.13%	-	-	3,519
Fundhost Ltd	-	0.00%	-	109	-

NOTE 11. Auditors Remuneration

	2014	2013
	\$	\$
Audit and review of the financial reports paid to Ernst & Young	10,450	10,000
Tax services paid to Ernst & Young	3,000	3,000
Compliance plan review paid to Ernst & Young	3,250	3,000
	<u>16,700</u>	<u>16,000</u>

NOTE 12. Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement (PDS) and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment management team at Intelligent Investor Funds Pty Limited.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of price risks.

Compliance with the Fund's Product Disclosure Statement is reported to the Board on a monthly basis.

(i) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. They are classified on the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 12. Financial risk management (cont'd)

(i) Price risk (cont'd)

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the PDS. Between 0% to 100% of the net assets attributable to unitholders are invested in listed Australian shares including property trusts and hybrids. The Fund has not invested in any derivatives during the financial year. (2013: nil)

The Fund is exposed, particularly through its equity portfolio, to market risks influencing investment valuations. These market risks include changes in a company's internal operations or management, Australian economic factors and also relate to changes in taxation policy, monetary policy, interest rates and statutory requirements.

At 30 June, had the underlying market value of the share portfolio moved, as illustrated in the table below, with all other variables held constant, the profit from operating activities and net assets attributable to unitholders would have been affected as follows:

	Impact on operating profit		Net assets attributable to unitholders	
	Higher/(Lower)		Higher/(Lower)	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Share portfolio value +10%	4,228	2,619	4,228	2,619
Share portfolio value -10%	(4,228)	(2,619)	(4,228)	(2,619)

(ii) Interest rate risk

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

The Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial liabilities, is as follows:

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 12. Financial risk management (cont'd)**(ii) Interest rate risk (cont'd)**

	Weighted Average Effective Interest		Floating Interest Rate		Non Interest Bearing		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:								
Cash and cash equivalents	2.24	2.75	10,616	6,067	-	-	10,616	6,067
Receivables	-	-	-	-	297	973	297	973
Financial assets held at fair value through profit and loss	-	-	-	-	42,911	26,810	42,911	26,810
Total Financial Assets			<u>10,616</u>	<u>6,067</u>	<u>43,208</u>	<u>27,783</u>	<u>53,824</u>	<u>33,850</u>
Financial Liabilities (excluding unitholder funds):								
Payables	-	-	-	-	796	2,112	796	2,112
Distributions payable	-	-	-	-	3,125	2,643	3,125	2,643
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>3,921</u>	<u>4,755</u>	<u>3,921</u>	<u>4,755</u>
Net exposure			<u>10,616</u>	<u>6,067</u>	<u>39,287</u>	<u>23,028</u>	<u>49,903</u>	<u>29,095</u>

The interest rate risk for financial assets above is not material in terms of the possible impact on profit and loss or net assets attributable to unitholders. It has therefore not been included in the sensitivity analysis.

(iii) Foreign exchange risk

The Fund does not have any direct exposure to foreign exchange risk.

(iv) Liquidity risk

All financial liabilities have a maturity term within a month, other than net assets attributable to unitholders described below.

The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand. The Fund's policy is to hold 0% to 20% in cash.

Normally once Fundhost Limited decides the unitholder can withdraw their money, it takes 5 business days to process the request (although the Constitution for the Fund allows a reasonable period, which could be longer), and funds are then paid to the unitholder in accordance with instructions.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 12. Financial risk management (cont'd)

(v) Credit risk

Credit risk primarily arises from investments in debt securities and from trading derivative products. The Fund's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

The Fund does not invest in debt securities or derivative products.

The carrying amount of financial assets approximates fair value as at the reporting date.

The Fund trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables.

NOTE 13. Fair value of financial instruments

Financial instruments carried at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued using quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 13. Fair value of financial instruments (cont'd)

The following table shows an analysis of financial instruments held at the balance date, recorded at fair value by level of the fair value hierarchy:

2014	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Listed equity securities	42,277	-	-	42,277
Unlisted equity securities	-	-	634	634
Total	42,277	-	634	42,911

2013	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Listed equity securities	26,193	-	-	26,193
Unlisted equity securities	-	-	617	617
Total	26,193	-	617	26,810

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Level 3	Level 3
	2014	2013
	\$'000	\$'000
Opening balance	617	361
Total gains and losses – profit and loss	17	37
Transfers in to level 3 from level 1	-	219
Closing balance	634	617

An investment was previously held in Centrebet International Limited, formerly listed on the ASX. A scheme of arrangement was entered into with all shareholders in August 2011 resulting in the shareholders receiving a cash payment as well as one litigation claim unit and one litigation claim right per share.

Following delisting of Centrebet International Limited, and the receipt of litigation claim units and litigation claim rights, the Fund's investment was reclassified from 'level 1' to 'level 3'. Additional units were purchased in August 2011.

For these financial instruments the fair value has been estimated using a valuation technique that uses non-market observable data. Payments are estimated to be completed by 2035. A discount rate of 12% has been applied. Changing the discount rate would have the following impact on operating profit:

Intelligent Investor Value Fund - ARSN 139 641 491

**Notes to the Financial Statements
For the year ended 30 June 2014**

NOTE 13. Fair value of financial instruments (cont'd)

	Impact on operating profit		Net assets attributable to unitholders	
	Higher/(Lower)		Higher/(Lower)	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Discount rate +1%	(18)	(27)	(18)	(27)
Discount rate -1%	19	17	19	17

An investment held in Brookfield Australian Opportunities Fund was delisted on 29 October 2012, and wound up on 30 October 2012. Unitholders in the Fund received one unit in BAO Trust for each unit held in the Fund. The security is unlisted and is valued at 3.3677 cents.

The Fund has a holding of Gunns Limited (FORESTS). Gunns Limited announced that the company had appointed an administrator on 25 September 2012. The stock has been unlisted since the administrator was appointed. The security has been valued at nil market value since the trading halt.

The Fund has a holding of Service Stream Limited (SSM). Service Stream Limited requested a trading halt on 11 June 2013, which was still in place at the end of the previous financial year. The value of SSM at 30 June 2013 was nil. The company relisted on 6 August 2013.

NOTE 14. Commitments and contingencies

There were no commitments and contingent liabilities or assets at 30 June 2014.
(2013: nil)

NOTE 15. Events Subsequent to Balance Date

The name of the Investment Manager was changed to Forager Funds Management Pty Ltd on 1 July 2014. The Fund's name was changed to Forager Australian Shares Fund from that date.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Directors' Declaration

The Directors of the Responsible Entity declare that:

- (i) The financial statements and notes, as set out in pages 5 to 25, are in accordance with the Corporations Act 2001, including
 - a) complying with Accounting Standards and the Corporations Regulations 2001;
 - b) giving a true and fair view of the Fund's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
- (iii) In the Director's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Director

Mark Sherwood Bennett

Dated at Sydney this 17th day of September 2014

Independent auditor's report to the unitholders of Intelligent Investor Value Fund

Report on the financial report

We have audited the accompanying financial report of Intelligent Investor Value Fund (the "Fund") which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

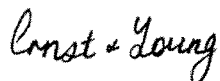
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

Opinion

In our opinion:

- a. the financial report of Intelligent Investor Value Fund is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Fund's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



Ernst & Young



Rita Da Silva
Partner
Sydney
17 September 2014