ELEVATION CAPITAL®

VALUE FUND

Financial Statements

For the year ended 31 March 2012

Elevation Capital Value Fund

Financial Statements

For the year ended 31 March 2012

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Elevation Capital Value Fund as at 31 March 2012 and its results for the year ended on that date in accordance with the requirements of the Elevation Capital Unit Trusts Master Trust Deed dated 20 November 2006 as amended and restated on 28 September 2007 and further amended and restated on 6 November 2007.

The Elevation Capital Multi Strategy Fund ('the Multi Strategy Fund') was a trust that was managed by the Manager. On 27 September 2011, the Unitholders of the Multi Strategy Fund, by way of extraordinary resolution, resolved that, with effect from 30 September 2011, all assets and liabilities of the Multi Strategy Fund be transferred to the Elevation Capital Value Fund; and all units in the Multi Strategy Fund be exchanged for units in the Elevation Capital Value Fund. After the transfer of assets and units to the Elevation Capital Value Fund the Multi Strategy Fund was wound up.

The directors are of the opinion that the Elevation Capital Value Fund will be able to pay its debts as and when they fall due.

Director ______________ Director ______________

Elevation Capital Management Limited

18 July 2012

Additional Unitholder Information

Notice of Trust Deed Amendment

Under clause 32.2 of the Trust Deed governing the Elevation Capital Value Fund and the Unit Trusts Act 1960, the Manager, Elevation Capital Management Limited is required to advise unitholders in summary form of any amendments to the Trust Deed.

There has been no amendment to the Trust Deed during the year covered by the Financial Statements.

On 27 September 2011, Unitholders of the Trust voted in favour of a proposal to merge the Elevation Capital Value Fund with the Elevation Capital Multi Strategy Fund effective 30 September 2011.

As part of this proposal the Establishment Deed dated 28 October 2008 was amended and the Manager and the Trustee entered into a new amended and restated Establishment Deed dated 30 September 2011 to give effect to the following amendments:

- Abolition of the Break Fees
- Change in Authorised Investments to allow the purchase of currency options for hedging purposes
- Change to Management Fee
- Change to the Performance Fee
- Changes in the Investment Policy

	Notes	Year ended 31 March 2012 $	Year ended 31 March 2011 $
Income			
Interest income		**59,567**	43,736
Dividend income		**1,158,045**	49,700
Net foreign currency losses on cash and cash equivalents		**(32,732)**	(7,457)
Other net changes in fair value on financial assets at fair value through profit or loss	6	**(631,063)**	392,810
Total income		**553,817**	478,789
Expenses			
Management fees	5	**130,585**	32,457
Performance fees	5	**-**	10,160
Trustee fees	5	**11,529**	10,886
Administration fees		**30,996**	16,612
Audit fees		**17,586**	5,119
Other auditors remuneration - audit related services (in relation to Trustee Reporting and Prospectus)		**3,312**	283
Interest expense		**12**	149
Transaction costs		**27,732**	6,953
Custody expenses		**28,282**	9,583
Other expenses		**681**	531
Total operating expenses		**250,715**	92,733
Operating profit		**303,102**	386,056
Increase in net assets attributable to Unitholders from operations		**303,102**	386,056
Total comprehensive income for the year attributable to Unitholders		**303,102**	386,056

The accompanying notes are an integral part of these Financial Statements.

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	Year ended 31 March 2012 $	Year ended 31 March 2011 $
Net assets attributable to Unitholders at the beginning of the year	**6,242,589**	1,224,743
Proceeds from units issued	**1,153,060**	4,805,741
Contributions arising from transfer of assets from another fund	**9,965,899**	-
Redemption of units	**(1,193,930)**	(170,129)
Distributions	**(159,073)**	-
Unitholder tax liabilities	**(31,978)**	(3,822)
Net increase from transactions in units	**9,733,978**	4,631,790
Total comprehensive income for the year attributable to Unitholders	**303,102**	386,056
Net assets attributable to Unitholders at the end of the year	**16,279,669**	6,242,589

	Year ended 31 March 2012 Units	Year ended 31 March 2011 Units
Units on issue		
Units on issue at the beginning of the year	**5,157,166**	1,108,265
Units issued	**10,242,376**	4,195,901
Units redeemed	**(1,071,076)**	(147,000)
Units on issue at the end of the year	**14,328,466**	5,157,166

The accompanying notes are an integral part of these Financial Statements.

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	Notes	As at 31 March 2012 $	As at 31 March 2011 $
Current assets			
Financial assets held at fair value through profit and loss	6	**13,767,569**	4,247,218
Due from brokers		**16,774**	-
Other receivables		**142,252**	157,286
Cash and cash equivalents		**2,845,887**	1,937,390
Total assets		**16,772,482**	6,341,894
Current liabilities			
Due to brokers		**13,253**	13,923
Related party payables	5	**21,859**	6,647
Distribution payable		**159,073**	-
Unitholder tax liabilities payable		**15,258**	434
Other payables		**283,370**	78,301
Total liabilities		**492,813**	99,305
Net assets attributable to Unitholders		**16,279,669**	6,242,589

The accompanying notes are an integral part of these Financial Statements.

The Directors of Elevation Capital Management Limited, in their role as Manager, authorised these Financial Statements for issue on 18 July 2012.

Director ______________________ **Director** ______________________

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	Notes	Year ended 31 March 2012 $	Year ended 31 March 2011 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		5,686,874	250,683
Dividend income		1,156,284	41,409
Interest income		62,535	42,916
Purchase of financial instruments held at fair value through profit or loss		(7,411,240)	(3,255,530)
Transaction costs on purchases and sales of financial instruments held at fair value through the profit or loss		(27,709)	(6,939)
Interest expense		(12)	(149)
Operating expenses		(195,081)	(77,856)
Net cash outflow from operating activities	8	(728,349)	(3,005,466)
Cash flows from financing activities			
Proceeds from units issued		1,169,383	4,670,117
Cash balances transferred from another fund		1,519,009	-
Redemption of units		(1,001,660)	(100,887)
Unitholder tax liabilties		(17,154)	(3,441)
Net cash inflow from financing activities		1,669,578	4,565,789
Net increase in cash and cash equivalents		941,229	1,560,323
Cash and cash equivalents at the beginning of the financial year		1,937,390	384,524
Foreign exchange losses on cash and cash equivalents denominated in foreign currencies		(32,732)	(7,457)
Cash and cash equivalents at the end of the financial year	2.5	2,845,887	1,937,390

The accompanying notes are an integral part of these Financial Statements.

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1. General information

Reporting Entity

The reporting entity included in these Financial Statements is the Elevation Capital Value Fund that is referred to throughout these Financial Statements as the Trust.

The Trust was created under a Master Trust Deed executed by Elevation Capital Management Limited on 20 November 2006 and a Unit Trust Establishment Deed between Elevation Capital Management Limited and The New Zealand Guardian Trust Company Limited dated 28 October 2008. The Trust commenced operations on 9 December 2008.

The Trust's investment activities are managed by Elevation Capital Management Limited (the 'Manager'). The registered office for Elevation Capital Management Limited is c/- Harmos Horton Lusk Limited, Level 37, Vero Centre, 48 Shortland Street, Auckland. The Trust is domiciled in New Zealand.

The Elevation Capital Multi Strategy Fund ('the Multi Strategy Fund') was a trust that was managed by the Manager. On 27 September 2011, the Unitholders of the Multi Strategy Fund, by way of extraordinary resolution, resolved that, with effect from 30 September 2011, all assets and liabilities of the Multi Strategy Fund be transferred to the Elevation Capital Value Fund; and all units in the Multi Strategy Fund be exchanged for units in the Elevation Capital Value Fund. After the transfer of assets and units to the Elevation Capital Value Fund the Multi Strategy Fund was wound up.

Net assets of $9,965,899 were transferred from the Multi Strategy Fund to the Trust in return for the issuance of 9,236,236 units in the Trust to the Unitholders of the Multi-Strategy Fund.

Statutory Base

The Elevation Capital Value Fund is a Unit Trust as defined by the Unit Trusts Act 1960 and is subject to the provisions of that Act.

2. Summary of significant accounting policies

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the periods presented, unless otherwise stated.

The Financial Statements have been prepared in accordance with the requirements of the Unit Trusts Act 1960, the Financial Reporting Act 1993, the Trust Deed and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-orientated entities. The Financial Statements also comply with International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the directors of the Manager to exercise their judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 3.

2.1.1 New financial reporting standards and amendments to existing standards

The following new standards and amendments to existing standards are not a comprehensive list of standards and amendments but are only those that affect the Trust.

Standards and amendments to existing standards that are not yet applicable and have not been early adopted by the Trust:

NZ IFRS 9 (2009), *'Financial Instruments'* (approved November 2009) (effective from 1 January 2015) specifies how an entity should classify and measure financial assets, including some hybrid contracts. The standard requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are required to be initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs, and then subsequently measured at amortised cost or fair value. Adoption of this standard is not expected to have an impact on the Financial Statements of the Trust.

NZ IFRS 9 (2010), *'Financial Instruments'* (approved November 2010) (effective from 1 January 2015) specifies the classification and measurement of financial liabilities and derecognition of financial assets and financial liabilities. The requirements of NZ IAS 39, *'Financial Instruments: Recognition and Measurement'* are retained with respect to the classification and measurement of financial liabilities except for the elimination of the exception from fair value for certain derivatives linked to unquoted equity instruments and amendment to the requirements related to the fair value option for financial liabilities. Adoption of this standard is not expected to have an impact on the Financial Statements of the Trust.

NZ IFRS 10, *'Consolidated Financial Statements'* (effective for annual periods beginning on or after 1 January 2013) redefines control, to focus on the need to have both power and variable returns before control is present. The new standard includes guidance on agent/principal relationships and the factors to be considered when determining whether the manager has control or is acting as an agent. An asset manager acting as a principal of the funds that it manages is likely to have to consolidate those funds. Adoption of this standard is not expected to have an impact on the Financial Statements of the Trust.

NZ IFRS 12, *'Disclosure of interests in other entities'* (effective for annual periods beginning on or after 1 January 2013) sets out the required disclosures for entities reporting under NZ IFRS 10. Application of this standard by the Trust will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Trust's investments.

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2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 New financial reporting standards and amendments to existing standards (continued)

NZ IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013) consolidates fair value measurement guidance from across various IFRSs into a single standard, however does not change when fair value can or should be used. Many of the requirements codified in NZ IFRS 13 are largely consistent with valuation practices that are currently in operation. The impact on the financial performance as well as financial position as a result of the adoption of NZ IFRS 13 are still to be assessed. It is expected that, with the introduction of IFRS 13, additional disclosures will be required related to fair value. The standard will be adopted for the financial period commencing 1 April 2013.

FRS 44, 'New Zealand Additional Disclosures and Harmonisation Amendments' (effective for annual periods beginning on or after 1 July 2011) sets out New Zealand specific disclosures for entities that apply NZ IFRSs. These disclosures have been relocated from NZ IFRSs to clarify that these disclosures are additional to those required by IFRSs. Adoption of the new rules will not affect any of the amounts recognised in the financial statements, but may simplify some of the Trust's current disclosures. The Harmonisation Amendments amends various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards. The Trust intends to adopt FRS 44 and the Harmonisation Amendments from 1 April 2012.

2.2 Financial instruments

(a) Classification

The Trust's financial instruments are categorised as financial assets or financial liabilities at fair value through profit or loss, loans and receivables and financial liabilities. This is comprised of:

· *Financial assets or financial liabilities at fair value through profit or loss*

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

Financial instruments designated at fair value through profit or loss at initial recognition are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Investment Manager to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

These are investments in exchange traded equity instruments and unlisted equity instruments.

The designation of financial instruments at fair value through profit or loss is consistent with the Trust's risk management or investment strategy.

· *Loans and receivables (including amounts due from brokers)*

Receivables may include amounts for dividends, interest and amounts due from brokers for securities sold that have been contracted for but not yet delivered by the end of the accounting period. Receivables are initially recognised at fair value less transaction costs. They are subsequently measured at amortised cost, being the initially recognised amount reduced for impairment as appropriate. Any impairment charge is recognised in profit or loss in the Statement of Comprehensive Income.

· *Financial liabilities (including amounts due to brokers)*

These amounts represent liabilities and accrued expenses owing by the Trust at year end and may include amounts due to brokers for securities purchased that have been contracted for but not yet delivered by the year end and amounts due to related parties for fees incurred but not yet paid by the year end. Financial liabilities are initially recognised at fair value plus transaction costs. They are subsequently measured at amortised cost.

(b) Recognition, derecognition and measurement

The Trust 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. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in profit or loss in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cashflows from the investments have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss in the Statement of Comprehensive Income within dividend income when the Trust's right to receive payments is established.

(c) Fair value estimation

· *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the Balance Date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

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2. Summary of significant accounting policies (continued)

2.2 Financial instruments (continued)

(c) Fair value estimation (continued)

· *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. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Trust would receive or pay to terminate the contract at the Balance Date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

2.3 Offsetting financial instruments

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

2.4 Net assets attributable to unitholders

The Trust issues units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. The Trust has classified units as equity instruments in accordance with revised NZ IAS 32, '*Financial Instruments: Presentation*'. The Trust continues to assess the classification of the redeemable units to ensure they have all the features or meet all the conditions set out in paragraphs 16A and 16B of NZ IAS 32. The units can be put back to the Trust 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 date if Unitholders exercised their right to put the units back to the Trust.

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at prices based on the Trust's net asset value per unit at the time of issue or redemption. The Trust's net asset value per unit is calculated by dividing the net assets attributable to the holders of the Trust with the total number of outstanding units of the Trust. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market bid or ask price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

In accordance with the Trust Deed, the Manager has full discretion as to whether to distribute any net income of the Trust. Any distributions are recognised in the Statement of Changes in Net Assets Attributable to Unitholders as distributions. Income that is not distributed is invested as part of the assets of the Trust or may be used to make later distributions to Unitholders.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, term investments with maturities of less than three months held with banks and deposits with brokers in New Zealand Dollars and other currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Trust's main income generating activity.

2.6 Investment income

Interest income on assets held at fair value through the profit or loss is included as interest in profit or loss in the Statement of Comprehensive Income on an accruals basis using the effective interest rate method. Changes in fair value for such instruments are recorded in accordance with the policies described in note 2.2. Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statement of Changes in Net Assets Attributable to Unitholders as a Unitholder tax liability.

2.7 Investments gains and losses

Realised and unrealised gains and losses are reflected in profit or loss in the Statement of Comprehensive Income as 'other net changes in fair value on financial assets at fair value through profit or loss'.

Unrealised gains or losses include the change in net market value of investments held as at balance date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current year. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.8 Expenses

All expenses, including the Trust's management fees, performance fees and trustee fees, are recognised in profit or loss in the Statement of Comprehensive Income on an accruals basis.

2.9 Foreign currency translation

(a) Functional and presentation currency

The Financial Statements are presented in New Zealand dollars, which is the Trust's functional and presentation currency.

2. Summary of significant accounting policies (continued)

2.9 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Balance Date.

Foreign exchange gains and losses resulting from translation are included in profit or loss in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in profit or loss in the Statement of Comprehensive Income within 'net foreign currency losses on cash and cash equivalents'.

Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in profit or loss in the Statement of Comprehensive Income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

2.10 Income tax

The Trust qualifies as and has elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Trust has no income tax expense. Accordingly, no income tax expense is recognised in the Statement of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statement of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Trust to Unitholders in accordance with the proportion of their interest in the Trust. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" (which is capped at 28%) on redemptions and annually at 31 March each year.

Unitholder tax liabilities disclosed in the Statement of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

2.11 Goods and services tax ("GST")

The Trust is not registered for GST. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Balance Sheet are stated inclusive of GST.

3. Critical accounting estimates and judgements

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates of the carrying value of financial assets and financial liabilities are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer to notes 2.2(c) and 10.3 for further information on fair value estimation.

For the majority of the Trust's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over the counter derivatives or unquoted securities are fair valued using valuation techniques. Valuation techniques including models use observable data to the extent possible. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes or assumptions about these factors could affect the reported fair value of financial instruments.

4. Commitments and contingent liabilities

There are no commitments or contingencies as at 31 March 2012 (31 March 2011: nil).

5. Related Parties

5.1 General

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

Elevation Capital Management Limited is the Manager of the Trust and The New Zealand Guardian Trust Company Limited is the Trustee of the Trust, both are considered to be related parties.

Elevation Capital Limited holds 50% of the issued share capital of the Manager.

The Elevation Capital Multi Strategy Fund ('Multi Strategy Fund') was a fund managed by the Manager. On 27 September 2011, the Unitholders of the Multi Strategy Fund, by way of extraordinary resolution, resolved that, with effect from 30 September 2011, all assets and liabilities of the Multi Strategy Fund be transferred to the Trust; and all units in the Multi Strategy Fund be exchanged for units in the Trust.

Christopher Grant Swasbrook was appointed a Commercial Director of Satara Co-operative Group Limited on 23 June 2011. The Trust has held an investment of 1,230,000 shares in Satara Co-operative Group Limited, since the transfer of the investments of the Multi Strategy Fund to the Trust. The market value of the investment at the date of the transfer was $418,200. At 31 March 2012 the market value of the investment was $553,500.

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5. Related Parties (continued)

5.2 Related party fees

The Trust has transacted with related parties during the year as follows:

		Year ended 31 March 2012 $	Year ended 31 March 2011 $
Elevation Capital Management Limited	Management fees	**130,585**	32,457
Elevation Capital Management Limited	Performance fees	**-**	10,160
The New Zealand Guardian Trust Company Limited	Trustee fees	**11,529**	10,886
		142,114	53,503

The Trust owed the following amounts to related parties at Balance Date:

		31 March 2012 $	31 March 2011 $
Elevation Capital Management Limited	Management fees	**17,394**	4,963
The New Zealand Guardian Trust Company Limited	Trustee fees	**4,465**	1,684
		21,859	6,647

Under the Trust Deed the management fees and performance fees payable to Elevation Capital Management Limited are payable monthly in arrears.

Trustee fees payable to The New Zealand Guardian Trust Company Limited are payable quarterly in arrears.

In the year ended 31 March 2011 the Manager made payments totalling $11,826 on behalf of the Trust to subsidise the monthly fees paid to the administration manager, MMc Limited. Since 1 November 2010 all of the administration fees have been borne by the Trust.

5.3 Investments by related parties

The investment interests of the Manager in the Trust at the Balance Date are:

	As at 31 March 2012			As at 31 March 2011		
	No. Units	**Market Value $**	**Market Value %**	No. Units	Market Value $	Market Value %
Elevation Capital Management Limited	**-**	**-**	**0.0%**	10,949	13,251	0.2%
Elevation Capital Limited	**54,069**	**61,416**	**0.4%**	46,785	56,624	0.9%

6. Financial assets held at fair value through profit or loss

6.1 Financial assets

The Trust has invested in the following:

	31 March 2012 $	31 March 2011 $
Designated at fair value through profit or loss at inception:		
Listed equities	**13,478,317**	3,974,505
Unlisted/OTC equities	**289,252**	272,713
Total designated at fair value through profit or loss at inception	**13,767,569**	4,247,218
Total financial assets held at fair value through profit or loss	**13,767,569**	4,247,218

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

6.1 Financial assets (continued)

	Year ended 31 March 2012 $	Year ended 31 March 2011 $
Other net changes in fair value on financial assets at fair value through profit or loss:		
Realised	(451,109)	70,558
Changes in unrealised	(179,954)	322,252
Total (losses)/gains	(631,063)	392,810
Net changes in fair value:		
Financial assets designated at fair value through profit or loss at inception	(631,063)	392,810
Total (losses)/gains	(631,063)	392,810

6.2 Geographical distribution

The Trust may hold investments overseas. This exposes the Trust to the risks associated with investing in these countries. The investments of the Trust (being financial assets at fair value through profit or loss and cash and cash equivalents) are represented by geographical segment as follows:

	31 March 2012 $	31 March 2011 $
Geographical sector concentration		
New Zealand	5,859,737	2,906,396
Australia	1,711,725	741,382
Americas	3,603,513	708,682
Europe	4,256,575	1,149,559
Asia	1,181,906	678,589
Total	16,613,456	6,184,608

7. Financial instruments by category

	31 March 2012 $	31 March 2011 $
Assets designated at fair value through the profit and loss		
Financial assets held at fair value through profit and loss	13,767,569	4,247,218
Total assets at fair value through the profit and loss	13,767,569	4,247,218
Loans and receivables		
Due from brokers	16,774	-
Other receivables	142,252	157,286
Cash and cash equivalents	2,845,887	1,937,390
Total loans and receivables	3,004,913	2,094,676
Total financial assets	16,772,482	6,341,894
Other financial liabilities		
Due to brokers	13,253	13,923
Related party payables	21,859	6,647
Distribution payable	159,073	-
Other payables	283,370	78,301
Total other financial liabilities	477,555	98,871
Total financial liabilities	477,555	98,871

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8. Reconciliation of operating profit to net cash outflow from operating activities

	Year ended 31 March 2012 $	Year ended 31 March 2011 $
Operating profit	**303,102**	386,056
Proceeds from sale of financial instruments held at fair value through profit or loss	**5,686,874**	250,683
Purchase of financial instruments held at fair value through profit or loss	**(7,411,240)**	(3,255,530)
Net foreign currency gains or losses on cash and cash equivalents	**32,732**	7,457
Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	**631,063**	(392,810)
Accrued interest transferred from another fund	**2,376**	-
Net change in accrued income and receivables	**(1,169)**	(9,111)
Net change in payables	**27,913**	7,789
	(1,031,451)	(3,391,522)
Net cash outflow from operating activities	**(728,349)**	(3,005,466)

9. Derivative financial instruments

The Trust's investment policy does not allow it to hold any derivative financial instruments other than forward foreign contracts for hedging purposes. The Trust did not enter into any forward foreign exchange contracts during the reporting period.

10. Financial risk management

10.1 Financial risk factors

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, arising from the financial instruments it holds.

The Trust's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Trust is exposed and seeks to minimise potential adverse effects on the Trust's financial performance. The Trust's investment policy does not allow it to use derivative financial instruments for any purpose other than the hedging of foreign exchange risk.

All security investments present a risk loss of capital. The Trust holds only long equity security positions where the maximum loss of capital is limited to the fair value of those positions.

In addition to internal risk management carried out by the Manager, financial risk is also managed by the setting of an investment policy, which is agreed with and monitored by the Trustee and set out in the Trust's prospectus.

The Trust uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

10.1.1 Market risk

(a) Price risk

The Trust is exposed to equity securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain. Where non-monetary financial instruments - for example, equity securities - are denominated in currencies other than New Zealand dollars, the price initially expressed in foreign currency and then converted into New Zealand dollars will also fluctuate because of changes in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

The Trust manages price risk through operating a portfolio of securities that is diversified geographically and by industry.

To further mitigate price risk the Trust's investment policy imposes the following criteria on investment selection:
- the maximum exposure to any security listed on a recognised exchange is limited to 5.00% of the Net Asset Value of the Trust;
- the total value of shares (including all forms of equity) in companies not listed on the primary stock exchange in any country is restricted to a maximum total exposure of 10% of the Net Asset Value of the Trust with each individual position capped at 5.00% of the Net Asset Value of the Trust;
- the Trust will not utilise leverage;
- the Trust will not utilise derivatives (other than forward foreign exchange contracts and options for hedging purposes).

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10. Financial risk management (continued)

10.1 Financial risk factors (continued)

10.1.1 Market risk (continued)

(a) Price risk (continued)

The table below summarises the sensitivity of the Trust's net assets attributable to Unitholders to equity price movements, including the effect of movements in foreign currency exchange rates on equity prices, as at 31 March. If the prices of equity securities in which the Trust invest in at the year end had increased or decreased by 5% with all other variables held constant, this would have had the following impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders:

	31 March 2012	31 March 2011
	$	$
5% increase in equity prices	**688,378**	212,361
5% decrease in equity prices	**(688,378)**	(212,361)

(b) Foreign exchange risk

The Trust holds both monetary and non-monetary assets denominated in currencies other than New Zealand dollars, the functional currency. Foreign currency risk, as defined in NZ IFRS 7, *'Financial Instruments: Disclosures'*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in currencies other than the functional currency fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities. The table below has been analysed between monetary and non-monetary items to meet the requirements of NZ IFRS 7.

The Trust may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency. The Trust may choose not to enter into any foreign currency hedging transactions. As the nature of these contracts is to manage the international investment activities of the Trust, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities.

At the Balance Date the Trust had the following foreign currency exposures (expressed in NZD equivalents):

	31 March 2012		31 March 2011	
	Monetary assets	**Non-monetary assets**	Monetary assets	Non-monetary assets
	$	**$**	$	$
Australian Dollar (AUD)	**47,824**	**1,663,901**	3,844	737,538
Swiss Franc (CHF)	**-**	**774,455**	-	160,147
Euro (EUR)	**2,000**	**2,031,664**	240	789,381
United Kingdom Pound (GBP)	**39**	**919,609**	154	63,966
Hong Kong Dollar (HKD)	**-**	**232,820**	-	43,571
Japanese Yen (JPY)	**12,905**	**853,019**	552	551,482
Malaysian Ringgit	**-**	**32,457**	-	33,452
Sweden Krone (SEK)	**6,843**	**-**	-	9,327
United States of America Dollar (USD)	**4,222**	**4,171,961**	452	884,106

At Balance Date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant, the impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders would have been as follows:

	31 March 2012		31 March 2011	
	Monetary assets	**Non-monetary assets**	Monetary assets	Non-monetary assets
	$	**$**	$	$
Exchange rates increased by 5%	**(3,516)**	**(508,566)**	(250)	(155,856)
Exchange rates decreased by 5%	**3,886**	**562,099**	276	172,262

(c) Cash flow interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Trust may hold cash and cash equivalents in New Zealand dollars that expose the Trust to cash flow interest rate risk.

	31 March 2012	31 March 2011
	$	$
Cash and cash equivalents, margin deposits and foreign cash deposits		
At call	**2,845,887**	1,937,390

At 31 March 2012, had the interest rate increased or decreased by 1% with all other variables held constant, the impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders by the end of the following 12 month period would have been a increase or decrease of approximately $28,459 (31 March 2011: $19,374).

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10. Financial risk management (continued)

10.1 Financial risk factors (continued)

10.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Trust. The Trust is primarily exposed to credit risk through its investment activities. The maximum credit risk of financial instruments is considered to be the carrying value. The Trustee regularly reviews and approves an investment strategy that is implemented by the Manager. The investment strategy incorporates an appropriate diversification of investments and ensures that the Trust has no significant concentration of credit risk.

The Trusts cash holdings are invested with ANZ National Bank Limited which is rated as AA- by Standard & Poors. The Trust also has cash balances held by its custodian, BNP Paribas which is rated AA- by Standard & Poors.

10.1.3 Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Trust is exposed only to the settlement of administration expenses and monthly redemptions of units. Its policy is therefore to invest the majority of assets in investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets in investments are not actively traded on a recognised stock exchange.

The Trust may periodically invest in derivative contracts traded over the counter for the purposes of hedging foreign exchange exposure. The Trust anticipates trading only major currencies for maturities up to one year forward. The foreign exchange market for these currencies and maturities is considered to be highly liquid.

The table below analyses the Trust's financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the Balance Date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows excluding gross settled derivatives.

	31 March 2012	31 March 2011
	$	$
Due to brokers		
Less than 7 days	**13,253**	13,923
Related party payables		
7 days to 1 month	**21,859**	6,647
Distribution payable		
Less than 7 days	**159,073**	-
Other payables		
Less than 7 days	**261,633**	69,242
7 days to 1 month	**2,709**	4,220
1-12 months	**19,028**	4,839
	283,370	78,301

10.2 Capital risk management

The Trust's capital is represented by Net assets attributable to Unitholders. The Trust's objectives when managing capital are to provide returns for Unitholders through both capital growth and income. The Trust does this by investing in a diversified portfolio of equities listed on exchanges in New Zealand, Australia, the United States of America, Asia and Europe. Investment decisions are guided by the mandate included in the investment statement and prospectus.

The Trust strives to invest the subscriptions of Unitholder funds in investments that meet the Trust's objectives while maintaining sufficient liquidity to meet Unitholder redemptions.

The Trust does not have any externally imposed capital requirements. Units may be redeemed on the last business day of each month, or such other dates as the manager shall from time to time determine, subject to receipt of the redemption request.

Expected cash outflow cannot be reliably estimated given the Trust does not have sufficient historical redemption rates to predict the expected outflow profile.

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10. Financial risk management (continued)

10.3 Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as over the counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

For instruments for which there is no active market, the Trust may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The carrying value less impairment provision of other receivables and payables approximate their fair values.

The Trust adopted the amendment to NZ IFRS 7, effective 1 April 2009. This requires the Trust 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 categorised in its entirety is determined on the basis of the lowest 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.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Trust's financial assets (by class) measured at fair value:

	31 March 2012	31 March 2011
	$	$
Assets		
Level 1		
Financial assets designated at fair value through profit or loss at inception:		
Listed equities	**12,924,817**	3,974,505
Level 2		
Financial assets designated at fair value through profit or loss at inception:		
Listed equities	**553,500**	-
Unlisted/OTC equities	**289,252**	272,713
	842,752	272,713

The valuation of the majority of the Trusts' holdings of listed equity securities are based on quoted market prices in active markets, and therefore classified within level 1. The Trust does not adjust the quoted price for these instruments.

The Trust has a holding in a single listed equity security for which quoted market prices are only published occasionally and therefore the market for that security is not considered to be active. The Trust's holdings of unlisted equity securities and OTC equity securities are valued based on quoted market prices in markets that are also not considered to be active. These financial assets are therefore classified within level 2.

There have been no transfers between the different classifications during the financial year.

11. Events occurring after the Balance Date

No significant events have occurred since Balance Date which would impact on the financial position of the Trust disclosed in the Balance Sheet as at 31 March 2012 or on the results and cash flows of the Trust for the year ended on that date.

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Independent auditor's report

To the Unit Holders of the Elevation Capital Value Fund

Report on the financial statements

We have audited the accompanying financial statements of Elevation Capital Value Fund (the "Trust") on pages 3 to 16. The financial statements comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, changes in net assets attributable to unit holders and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the financial statements

The Manager is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Subject to certain restrictions, partners and employees of our firm may also deal with the Trust on normal terms within the ordinary course of trading activities of the business of the Trust. These matters have not impaired our independence as auditor of the Trust. The firm has no other relationship with, or interest in, the Trust.

Opinion

In our opinion the financial statements on pages 3 to 16:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the Trust as at 31 March 2012 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Trust as far as appears from our examination of those records.

KPMG

19 July 2012

Auckland