



**UGC PLATINUM ALPHA FUND**  
ABN 90 642 882 179

**FINANCIAL REPORT  
FOR THE PERIOD ENDED  
30 JUNE 2022**

**UGC PLATINUM ALPHA FUND**  
**ABN 90 642 882 179**  
**TRUSTEE REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

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**UGC PLATINUM ALPHA FUND**  
**ABN 90 642 882 179**  
**TRUSTEE REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

The Directors of the Trustee, VT No. 2 Pty Ltd, present their report on the UGC Platinum Alpha Fund ('the Fund') for the period ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001* the Directors report as follows:

**1. Directors of VT No.2 Pty Ltd**

VT No. 2 Pty Ltd replaced Vasco Custodians Pty Ltd as trustee pursuant to a Deed of Retirement and Appointment on 17 September 2021.

The names of Directors of the Trustee in office at any time during the period from 17 September 2021 to 30 June 2022:

Craig Mathew Dunstan

**Directors of Vasco Custodians Pty Ltd**

The names of Directors of the Trustee in office at any time during the period from 1 July 2021 to 16 September 2021:

Craig Mathew Dunstan

Fiona Jean Dunstan

**2. Principal Activities**

The Fund is total return focused. It has a concentrated, long-term capital growth and tactical swing trading investment approach. This strategy will utilise a range of short, medium and long-term investment and trading strategies across the major investment markets. The strategy will primarily invest and trade in listed equities, listed equity exchange-traded funds (ETFs), exchange-traded and over-the-counter equity, index, currency and commodity derivative instruments. An Exchange-Traded Fund is a type of investment and exchange-traded product. The aim is to ensure the portfolio is appropriately positioned for maximum profit but suitably guarded against potential risks.

The Fund was established on 15 September 2020 and issued the first units on the commencement date of 1 June 2022.

**3. Operating Results**

The operating loss of the Fund for the financial period ending 30 June 2022 was \$9,489.

**4. Review of Operations**

The first information memorandum was issued on 18 October 2021. The Fund started operation on 1 June 2022. Since its inception, the Fund has issued 375,000 units and invested in a portfolio of shares, ETF, currency, and commodity derivative instruments.

The investment strategy consists of a strict quantitative and qualitative stock selection methodology and assessment process as well as a well-defined and pre-determined portfolio management, capital allocation, risk management decision making frame work and process.

The Investment Manager will be aiming to maintain a broad strategic target allocation close to that outlined below:

**a. Cash 5% (Saxo and Operation account)**

The Investment Manager will aim to hold approximately 5% of the Fund's total equity in an Australian dollar cash account for liquidity purposes. The Investment Manager will have the ability to hold more or less than this amount to a tactical temporary basis (typically 3 to 6 months) depending on the Investment Manager's assessment of prevailing market conditions.

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**4. Review of Operations (continued)**

**b. Tactical Asset Allocation 20%**

The Investment Manager has the discretion to use the following instruments to position the portfolio accordingly:

- Individual stocks/equities
- Individual stock options contracts
- Exchange Traded Funds (ETFs), including but not limited to leveraged and inverse ETFs
- Contracts for Difference (CFDs) including but not limited to index, stock and ETF CFDs

**c. Stock Allocation 75%**

This section of the portfolio allocates to different individual stocks with typical initial allocations starting off at approximately 2.5%. This section of the portfolio will include stocks from across the globe across mostly major developed world equity markets and exchanges.

As at 30 June 2022, the Fund's investments were comprised of the following:

<b>Asset Allocation</b>	<b>Value</b>	<b>%</b>	<b>Target Range</b>
Cash (Saxo and Operation account)	\$341,843	100%	5%
Tactical Asset Allocation	-	-	20%
Stock Allocation	-	-	75%
Foreign Exchange Exposure	-	-	0%
<b>Total Exposure</b>	<b>\$341,843</b>	<b>100%</b>	<b>100%</b>

**Borrowings**

The Investment Manager's investment strategy includes the use of leverage as follows:

The Fund may borrow to short sell.

Outside of short selling, the Fund will primarily obtain leverage through the use of internally leveraged investment products, such as Leveraged Exchange Traded Funds, or through the use of derivatives.

Any borrowing of the Fund's assets beyond the use of these instruments will only be considered where a suitable ETF or derivative product cannot be identified to achieve the Investment Manager's desired investment stance.

The Investment Manager intends on limiting the maximum net exposure to no more than 120% of the Fund's total equity, however, there is no guarantee that this limit will be maintained or adjusted by the Investment Manager from time to time.

<b>Exposure</b>	<b>Amount</b>	<b>%</b>
Net Exposure	-	-
Short Position	-	-
Equity	\$365,511	100%

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**5. Review of Performance**

The Investment Manager is targeting an after fee, pre-tax return of the greater of 3% per annum above the MSCI World Index (AUD) or 13% per annum on an absolute basis over a rolling 5 years period.

The Fund's performance from 1 June 2022 to 30 June 2022 was as follows:

<b>Unit Class</b>	<b>2022 June</b>	<b>3%+MSCI World Index (AUD)</b>	<b>2022 June</b>
Ordinary Units	-2.26%	Benchmark Index	-5.77%

**6. Unit Prices**

The redemption price of the UGC Platinum Alpha Fund as at 30 June 2022 was \$0.9720 after the 0.275% sell spread to the redemption price.

<b>Date</b>	<b>Application Price</b>	<b>Redemption Price</b>
30/06/2022	\$0.9774	\$0.9720

The availability and timing of redemptions are subject to the terms of the Fund's Constitution.

**7. Distributions Paid or Recommended**

Distributions are expected to ordinarily be paid to Investors within 60 business days following the end of each financial period. Distributions to Investors will take into account the number of Units held by the Investors on the day each distribution is calculated. Distributions will be made from the taxable income earned by the Fund over the course of the preceding year.

There was no distribution declared for financial period ending 30 June 2022.

**8. Applications Held**

As at 30 June 2022, the value of pending unit allocations was \$350,000.

**9. Redemption Arrangements**

As specified in the Information Memorandum dated 18 October 2021, Investors will be able to withdraw from the Fund subject to available liquidity and submitting a valid withdrawal request. Subject to available liquidity, withdrawal requests will ordinarily be satisfied within 20 business days of the end of each quarter.

Where there is insufficient liquidity to satisfy all Withdrawal Requests, investors' redemptions will be satisfied on a pro-rata basis each calendar quarter until all Withdrawal Requests are satisfied.

As detailed in the Fund's Constitution the Trustee is not under any obligation to buy back, purchase or redeem units from unitholders. No units were redeemed by the Trustee during the reporting period.

**10. Options**

No options over issued units or interests in the Fund were granted during or since the end of the financial period and there were no options outstanding at the date of this report. The Directors and executives of the Trustee hold no options over interests in the Fund.

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**11. 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 their proceedings. The Fund was not a party to any such proceedings during the period.

**12. Value of Fund Assets**

The Gross Asset Value (GAV) of the Fund's assets at the end of the reporting period was \$369,492.

The Net Asset Value (NAV) at the end of the reporting period was \$365,511.

**13. Significant Changes in the State of Affairs**

Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Fund during the financial period.

**14. After Reporting Date Events**

No other matters or circumstances have arisen since the end of the financial period 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 periods other than as disclosed in this report.

**15. Future Developments**

There are no future developments to report on which are not otherwise disclosed in this report.

**16. Indemnifying Officers or Auditor**

During or since the end of the financial period, the Trustee has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Trustee against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Trustee, other than conduct involving a willful breach of duty in relation to the Trustee.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Trustee has not otherwise, during or since the end of the financial period indemnified or agreed to indemnify an officer or auditor of the Trustee or of any related body corporate against a liability incurred as such an officer or auditor.

**17. Fees, Commissions or Other Charges by the Trustee, Investment Manager or Related Parties**

Fees of \$460 (plus GST) were accrued by the Fund to the Investment Manager for the period.

Fees of \$3,038 (plus GST) were paid to the Trustee for the period. In addition, fees of \$1,250 (plus GST) were paid to the Administration Manager.

The Investment Manager is entitled to an annual performance fee of 15% (plus GST) of all returns of the Fund above 10% per annum. As at 30 June 2022, no performance fee was payable.

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**18. Units held by the Trustee, Investment Manager or Related Parties**

As at 30 June 2022, the Pivotal Diversified Fund which is a related party of the Investment Manager held all of the units (375,000) in the Fund

**19. Interests in the Fund**

During the financial period, the movement of units on issue in the Fund during the period is set out in Note 6 to the financial statements. The value of the Fund's assets and liabilities is disclosed on the Statement of Financial Position and derived using the basis set out in Note 1 to the financial statements.

**20. Rounding of Amounts**

The Fund is of a kind referred to in the *Australian Securities and Investments Commission's Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. Consequently, amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument.

**21. Environmental Issues**

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Signed in accordance with a resolution of the Board of the Trustee, VT No. 2 Pty Ltd by:

*Craig Dunstan*

**Craig Dunstan**

Director

Date: 14 September 2022

**UGC PLATINUM ALPHA FUND**  
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**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

	Notes	2022 \$
<b>Revenue and other income</b>		
Bank interest	3	9
<b>Total revenue and other income</b>		<b>9</b>
<b>Expenses</b>		
Administration fees	8 (a)	1,250
Investment manager fees	7	460
GST expense (No-claimable)		1,459
Trustee fees	8 (b)	3,038
Tax return fees	4	2,850
Legal fees	5 (b)	65
Establishment fee	5 (a)	368
Other administration expenses		8
<b>Total expenses</b>		<b>9,498</b>
<b>Operating (loss) before finance costs attributable to unitholders</b>		
	6 (b)	<b>(9,489)</b>
<b>Total comprehensive income/(loss)</b>		<b>(9,489)</b>



**UGC PLATINUM ALPHA FUND**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Notes	2022 \$
<b>Current assets</b>		
Cash and cash equivalents	2	341,843
Reduced Input Tax Credit receivable		1,860
<b>Total current assets</b>		<u>343,703</u>
<b>Non-current assets</b>		
Prepaid establishment costs	5 (b)	25,789
<b>Total non-current assets</b>		<u>25,789</u>
<b>Total assets</b>		<u>369,492</u>
<b>Liabilities</b>		
Establishment fees payable		368
Investment manager fees payable	7	460
Provision for tax return fees	4	2,850
Other accrued fees		303
<b>Total liabilities</b>		<u>3,981</u>
<b>Net assets</b>		<u>365,511</u>
<b>Represented by</b>		
Issued units	6 (a)	375,000
Undistributed (loss) attributable to unitholders	6 (b)	(9,489)
<b>Net assets attributable to unitholders</b>		<u>365,511</u>

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**CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022**

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

**UGC PLATINUM ALPHA FUND**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

	Notes	2022 \$
<b>Cash flows from operating activities</b>		
Bank interest		9
Fees paid		(29,847)
Tax paid		(3,319)
<b>Net cash (used in) operating activities</b>		<u><b>(33,157)</b></u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued		375,000
<b>Net cash provided by financing activities</b>		<u><b>375,000</b></u>
<b>Net increase in cash and cash equivalents</b>		341,843
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	2	<u><u><b>341,843</b></u></u>

**UGC PLATINUM ALPHA FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The financial report is for the entity UGC Platinum Alpha Fund ('the Fund') as an individual entity. The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund is VT No. 2 Pty Ltd.

**Basis of Preparation**

**(a) Statement of compliance**

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report of the Fund complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

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

The financial statements were approved by the Board of Directors of the Trustee.

**(b) Basis of measurement**

The financial report is prepared on a historical cost basis except for the following material items in the Statement of Financial Position: Investment assets are measured at fair value.

**(c) Going concern**

The financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 which are based on the Fund continuing as a going concern. The going concern basis has been reviewed by the Directors.

The Directors believe that the Fund will continue as a going concern and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial report.

**(d) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

**(e) Use of estimates and judgements**

The preparation of financial statements requires the Directors of the Trustee to undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

**Significant accounting policies**

**(a) Financial instruments**

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

**(i) Measurement**

Financial assets and financial liabilities are held at fair value through profit or loss.

Under this approach, financial assets and financial liabilities are generally measured initially at fair value excluding any transaction costs that are directly attributable to acquisition.

Subsequent to initial recognition, all financial instruments 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 are based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices on the reporting date, while financial liabilities are priced at current offer prices.

*Fair value in an inactive or unquoted market*

The fair values of financial assets and liabilities that are not traded in an active market are determined through the valuation policy identified in the Information Memorandum for the Fund.

**(ii) Categorisation**

The Fund's investments are categorised as follows:

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

*Issued units*

The Fund issues units which have a limited life under the Fund's Constitution and are classified as a liability in accordance with AASB 132 *Financial Instruments: Presentation*.

Where the Fund buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in liability attributable to the Fund's unitholders.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST, and accruals are shown exclusive of GST.

**(c) Income tax**

Under current legislation, the Fund is not liable for income tax provided its taxable income is fully distributed to unitholders.

**(d) Critical judgements and significant accounting estimates**

The preparation of financial statements requires the Directors of the Trustee to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**(f) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the Fund that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(g) Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue is deferred when fees are received upfront but where associated services are yet to be performed. Any consideration deferred for more than one year is treated as a financing arrangement and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of Goods and Services Tax (GST).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Trade receivables**

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

**(i) Foreign exchange**

Items included in the financial records are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars, which is the presentation currency of the Fund.

**(j) Provisions**

Provisions are recognised when the Fund has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(k) New accounting standards and interpretations**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2: CASH AND CASH EQUIVALENTS**

	<b>2022</b>
	<b>\$</b>
Macquarie bank account	41,843
Saxo trading account	300,000
	<u><b>341,843</b></u>

**NOTE 3: BANK INTEREST**

	<b>2022</b>
	<b>\$</b>
Macquarie bank interest	9
	<u><b>9</b></u>

**NOTE 4: TAX RETURN FEES PAYABLE**

	<b>2022</b>
	<b>\$</b>
Tax return fees payable	2,850
	<u><b>2,850</b></u>

**NOTE 5: PREPAID EXPENSES AND AMORTISATION**

**(a) Establishment fee amortisation**

	<b>2022</b>
	<b>\$</b>
Amortised establishment fee	368
	<u><b>368</b></u>

**(b) Trustee expenses amortisation**

	<b>2022</b>
	<b>\$</b>
Capitalised trustee expense	22,917
Less: amortisation	(956)
	<u><b>21,961</b></u>

**(c) Legal fee amortisation**

	<b>2022</b>
	<b>\$</b>
Capitalised legal fee	3,893
Less: amortisation	(65)
	<u><b>3,828</b></u>

**Total capitalised fee**

Trustee expenses amortisation	21,961
Legal fee amortisation	3,828
	<u><b>25,789</b></u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>Units</b>
<b>(a) Issued units</b>		
Opening balance	-	-
Units issued – applications	375,000	375,000
<b>Closing balance</b>	<b>375,000</b>	<b>375,000</b>

**(b) Undistributed profit/(loss) attributable to unitholders**

	<b>2022</b>
	<b>\$</b>
Opening balance	-
Operating (loss) before finance costs attributable to unitholders	(9,489)
Distributions paid	-
<b>Closing balance</b>	<b>(9,489)</b>

**(c) Capital management**

The Fund regards total unitholders' interests as capital. The objective of the Fund is to provide unitholders with income-generating and capital growth. The Fund aims to achieve this objective mainly through potential investment properties located predominantly in Australian capital cities.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions. The Investment Manager regularly reviews the performance of the Fund, including asset allocation strategies, investment and risk management.

**NOTE 7: PERFORMANCE FEES & INVESTMENT MANAGEMENT FEES**

The Investment Manager is entitled to a Management Fee of 1.5% (plus GST) per annum of the Fund's Gross Asset Value, payable monthly in arrears.

The manager will also be entitled to a performance fee of 15% (plus GST) of returns generated by the Fund above 10% for any Financial Period, subject to the Fund exceeding its high watermark.

	<b>2022</b>
	<b>\$</b>
Investment manager fees payable	460
	<b>460</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

**NOTE 8: RELATED PARTY TRANSACTIONS**

**(a) Trustee**

The Trustee of the Fund for the financial period was VT No.2 Pty Ltd. The Trustee is entitled to an annual fee, subject to a minimum fee of \$25,000, equal to 0.10% per annum of the fund's gross asset value. Calculated from the execution of the Trust Deed and paid to the Trustee on commencement of the Fund monthly in arrears.

Fees of \$3,038 (plus GST) were paid by the Fund to VT No.2 Limited for its role as Trustee for the period, of which \$167 is claimable by the Fund as RITC.

**(b) Investment Manager**

The Investment Manager of the Fund is UGC Asset Management Pty Ltd.

Fees of \$460 (plus GST) were accrued by the Fund to UGC Asset Management Pty Ltd for its role as Investment Manager for the period, of which \$35 is claimable by the Fund as RITC.

**(c) Administration Manager**

The Administration Manager of the Fund is Vasco Fund Services Pty Ltd, a related party of the Trustee. The Administration Manager will be entitled to an Administration Fee of:

- \$15,000 per annum where there are less than 25 Investors;
- \$20,000 per annum where there are between 25 and 50 Investors; or
- \$25,000 where there are 51 or more Investors.

Plus \$5,000 per annum for each additional non-segregated unit class and \$10,000 for each additional segregated unit class offered to Investors beyond the first. Paid to the Administration Manager monthly in arrears from the processing of the first Application to invest in the Fund. The Administration Fee is subject to an annual increase of 5% on 1 January of each year.

Fees of \$1,250 (plus GST) were accrued and paid by the Fund to Vasco Fund Services Pty Ltd for its role as Administration Manager for the period, of which \$94 is claimable by the Fund as RITC.

**(d) Key management personnel**

The Fund does not employ personnel in its own right. However, it has an incorporated Trustee, VT No. 2 Pty Ltd, to manage the activities of the Fund. The Directors of the Trustee are key management personnel of that corporate entity. No compensation is paid directly by the Fund to Directors or to any of the key management personnel of the Trustee. Payments made by the Fund to the Trustee do not specifically include any amounts attributable to the compensation of key management personnel.

**NOTE 9: CONTINGENT LIABILITIES**

There are no contingent liabilities at the end of the period.

**NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE**

As at the date of this report, there have been no other events subsequent to the reporting date that require additional disclosure

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

**NOTE 11: FINANCIAL RISK MANAGEMENT**

**(a) Liquidity risk**

There is a risk that some underlying investments of Fund may not be able to be sold without incurring large transaction costs or quickly enough to prevent or minimise loss. That said, the underlying investments of the Fund are predominately invested in highly liquid Australian and international listed or over-the-counter financial market instruments.

The Fund reserves its right to reject any withdrawal requests at its absolute discretion. Investors should be aware that there could be large discrepancies in the value of their investment at the time of requesting a withdrawal and the amount they ultimately receive from the Fund for the Units as a result of market fluctuations between the time of applying for a withdrawal and the withdrawal being processed.

**(b) Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Fund. The Fund is exposed to this risk for various financial instruments, for example, placing money at financial institutions or interest revenue that is paid in arrears. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date.

The Investment Manager manages the exposure to credit risk on an ongoing basis. The Fund's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

**(c) Leveraging risk**

Leveraging (or gearing) may involve the use of borrowed money or derivatives to increase the investment amount. Leverage magnifies exposure to potential gains and losses of an investment. As a result, Investors can expect larger fluctuations in the value of an investment in the Fund compared to the same investment which is not leveraged. When asset values are rising by more than the costs of the leverage, the returns will generally be higher than if the investment was not leveraged. When asset values are falling, leveraging can multiply the capital loss. If the fall is dramatic there can be even more implications for leveraged investments. For example, where money is borrowed and the lender requires the leverage level to be maintained below a predetermined limit (margin). Where asset values fall dramatically, the leverage level may rise above the margin, forcing assets to be sold by the margin provider when values may be continuing to fall. In turn, this could lead to more assets having to be sold and more losses realised.

Withdrawals (and applications) may be suspended in such circumstances, preventing Investors from accessing their investments at a time when values continue to fall. There is also a risk that if the margin provider is unable to sell positions quickly enough to cover the margin gap, the Fund will effectively become insolvent – the Fund will attempt to manage this insolvency risk by seeking a further indemnity from the Investment Manager in order to cover this gap where the assets of Fund are not sufficient to do so. While this is an extreme example, significant market falls have occurred in the past. Other circumstances (such as the lender requiring the loan to be repaid for other reasons) may also prevent a leveraged investment from being managed as planned, leading to loss.

**(d) Foreign exchange risk**

The Fund trades in domestic and offshore markets and is managed from the perspective of an Australian investor base. The Fund is expected to hold a substantial proportion of its assets offshore and in non-AUD denominated assets. The Fund is therefore exposed to the risk of exchange rate movements.

**(e) Market risk**

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate risk and property value risk, which results from both its operating and investing activities. Market risk is the risk that changes in market prices which will affect the Fund's income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is monitored by the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

**NOTE 11: FINANCIAL RISK MANAGEMENT (continued)**

**(f) Short selling risk**

The key risk of short selling is that, if the price of the asset increases, the Fund must pay a greater amount to buy back the security and the potential loss could be significant. Other risks include, the lender of the security (in the case of individual equities) may request its return which may result in the Fund having to liquidate at a loss and not at a time of the Fund's choosing; if the broker is declared insolvent before the security borrowed by the Fund is repaid, the Fund may be unable to recover the equivalent collateral posted with the broker. This may result in loss to the Fund, and in turn the Investors.

The Fund may short sell to generate returns in declining securities/markets, to provide a hedge to a long security or market exposure, and to increase return potential using leverage. Being able to short sell means that the Fund's total (gross) equity market exposure may exceed 100% of the Fund's NAV. This means the impact of the Investment Managers investment decisions, along with the potential for profit or loss, is greater than tradition long only funds. The Investment Manager intends managing the risks associated leveraging the Fund's investments through the use of the risk management trading tools such as trailing stops and hedging.

**(g) Market risk**

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate risk and property value risk, which results from both its operating and investing activities. Market risk is the risk that changes in market prices which will affect the Fund's income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is monitored by the Investment Manager.

**(h) Interest rate risk**

The Fund's interest rate risk is monitored by the Investment Manager.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

**(i) Derivatives risk**

Derivatives are contracts that have a value derived from another source such as an asset, market index or interest rate. There are many types of derivatives including swaps, options and futures. They are a common tool used to manage risk or improve returns. Some derivatives allow the investment managers to earn large returns from small movements in the underlying asset's price. However, they can lose large amounts if the price movement in the underlying asset is unfavourable. Risks particular to derivatives include the risk that the value of the derivative may not move in line with the underlying asset and the risk that a particular derivative may be difficult or costly to trade.

**(j) Liquidity risk**

Liquidity risk is the risk that the Fund 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 Fund will hold investments in real estate, which are not considered to be assets that are readily realisable.

In order to address this risk, the Trustee retains broad discretion to restrict distributions, withdrawals and/or redemptions.

**UGC PLATINUM ALPHA FUND  
ABN 90 642 882 179**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

**NOTE 12: TRUSTEE DETAILS**

The registered office and the principal place of business of the Trustee are:

VT No. 2 Pty Ltd

Level 4

99 William Street

Melbourne Victoria 3000

**UGC PLATINUM ALPHA FUND**  
**ABN 90 642 882 179**

**DIRECTORS' DECLARATION**

The sole Director of VT No. 2 Pty Ltd, the Trustee, declares that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the period ended on that date.
2. In the sole Directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the sole Director of VT No. 2 Pty Ltd:

*Craig Dunstan*

**Craig Dunstan**

Director

Date: 14 September 2022