



UGC PLATINUM ALPHA FUND
ABN 90 642 882 179

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023

UGC PLATINUM ALPHA FUND
ABN 90 642 882 179
TRUSTEE REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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UGC PLATINUM ALPHA FUND
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TRUSTEE REPORT
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The Director of the Trustee, VT No. 2 Pty Ltd, present the report on the UGC Platinum Alpha Fund ('the Fund') for the financial year ended 30 June 2023. In order to comply with the provisions of the *Corporations Act 2001* the Director reports as follows:

1. Directors of VT No.2 Pty Ltd

The name of the Director of the Trustee in office at any time during the year from 1 July 2022 to 30 June 2023:

Craig Mathew 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 utilises a range of short, medium and long-term investment and trading strategies across the major investment markets. The strategy primarily invests and trades 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 year ending 30 June 2023 was (\$113,399) (2022: (\$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 2,903,592 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 framework 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 2023, the Fund's investments were comprised of the following:

Asset Allocation	Value (\$)	%	Target Range
Cash (Saxo and Operation account)	765,226	25.99%	5%
Tactical Asset Allocation	163,891	5.57%	20%
Stock Allocation	2,064,664	70.12%	75%
Foreign Exchange Exposure	(49,378)	-1.68%	0%
Total Exposure	2,944,403	100%	100%

The Investment Manager may change Investment Strategy from time to time and without notice. The Investment Manager will have the ability to hold more or less cash than 5% of the Fund's total equity on a tactical temporary basis depending on the Investment Manager's assessment of prevailing market conditions, however, the Investment Manager will aim to ensure this target allocation is restored as market conditions and the Investment Manager outlook warrants it appropriate. The tactical asset allocation can be used to target concentration or reduce portfolio exposure in accordance with the Investment Manager's assessment of prevailing conditions.

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.

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4. Review of Operations (continued)

Exposure	Amount (\$)	%
Net Exposure	2,179,177	73.35%
Short Position	843,288	28.39%
Equity	2,970,871	100%

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 July 2022 to 30 June 2023 was as follows:

Unit Class	2023 June	2022 June	3%+MSCI World Index (AUD)	2023 June	2022 June
Ordinary Units	4.98%	-2.26%	Benchmark Index	24.07%	-5.77%

6. Unit Prices

The redemption price of the UGC Platinum Alpha Fund as at 30 June 2023 was \$1.0204 (2022: \$0.9720) after the 0.275% sell spread to the redemption price.

Date	Application Price	Redemption Price
30/06/2022	\$0.9774	\$0.9720
30/06/2023	\$1.0260	\$1.0204

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 year. 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 year ending 30 June 2023 (2022: nil).

8. Applications Held

As at 30 June 2023, the value of pending unit allocations was \$nil (2022: \$350,000).

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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 in which the 14 business days' notice period expired.

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 financial year.

10. Options

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

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 year.

12. Value of Fund Assets

The gross asset value of the Fund at the end of the financial year was \$2,976,457 (2022: \$369,492).

The net asset value at the end of the financial year was \$2,970,871 (2022: \$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 year.

14. After Reporting Date Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial year 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.

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16. Indemnifying Officers or Auditor

During or since the end of the financial year, 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 year 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 \$ 16,670 (plus GST) (2022: \$460) were paid or payable by the Fund to the Investment Manager for the year.

In March 2023, the Investment Manager waived the investment manager fee until further notice to reduce the Fund expense.

Fees of \$36,458 (plus GST) (2022: \$3,038) were paid or payable to the Trustee for the year. The trustee fee includes an amount of \$11,458 for the expensed component of amortised fees. This is further disclosed in Note 5 (b) to the accounts. In addition, fees of \$15,375 (plus GST) (2022: \$1,250) were paid or payable 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 2023, no performance fee was payable.

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

As at 30 June 2023, the Pivotal Diversified Fund which is a related party of the Investment Manager held 2,832,651 units (2022: 375,000) in the Fund.

19. Interests in the Fund

During the financial year, the movement of units on issue in the Fund during the year 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.

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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: 15 August 2023

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STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Revenue and other income			
Bank interest	3	5,233	9
Dividend income	9	4,416	-
Total revenue and other income		9,649	9
Expenses			
Administration fees	11 (c)	15,375	1,250
Investment manager fees	8 (a)	16,670	460
GST expense (No-claimable)		3,043	1,459
Trustee fees	5 (b)	36,458	3,038
Tax return fees	4	2,995	2,850
Legal fees	5 (c)	779	65
Establishment fee	5 (a)	4,413	368
Other fund expenses	10	43,315	8
Total expenses		123,048	9,498
Operating (loss) before finance costs			
attributable to unitholders	6 (b)	(113,399)	(9,489)
Total comprehensive income/(loss)		(113,399)	(9,489)

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	2	765,226	341,843
Reduced input tax credit		1,216	1,860
Investment Asset		2,179,177	-
Total current assets		2,945,619	343,703
Non-current assets			
Prepaid establishment costs	5 (d)	30,838	25,789
Total non-current assets		30,838	25,789
Total assets		2,976,457	369,492
Liabilities			
Establishment fees payable		-	368
Trustee fee payable		2,083	-
Investment manager fees payable	8 (b)	-	460
Provision for tax return fees	4	2,995	2,850
Other accrued fees		508	303
Total liabilities		5,586	3,981
Net assets		2,970,871	365,511
Represented by			
Issued units	6 (a)	2,769,615	375,000
Undistributed (loss) attributable to unitholders	6 (b)	(122,888)	(9,489)
Asset revaluation	7	324,144	-
Net assets attributable to unitholders		2,970,871	365,511

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CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023**

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.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Bank interest	3	5,233	9
Fees paid		(123,449)	(29,847)
Tax paid		(2,399)	(3,319)
Net cash (used in) operating activities		(120,615)	(33,157)
Cash flows from investing activities			
Payment for the purchase of investment assets		(1,855,033)	-
Dividend received		4,416	-
Net cash (used in) / provided by investing activities		(1,850,617)	-
Cash flows from financing activities			
Proceeds from units issued		2,394,615	375,000
Net cash provided by financing activities		2,394,615	375,000
Net increase in cash and cash equivalents		423,383	341,843
Cash and cash equivalents at the beginning of the year		341,843	-
Cash and cash equivalents at the end of the year	2	765,226	341,843

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

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NOTES TO THE FINANCIAL STATEMENTS
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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).

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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 year beginning 1 July 2022 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 2023, 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

	2023	2022
	\$	\$
Macquarie bank account	158,738	41,843
Saxo trading account	606,488	300,000
	<u>765,226</u>	<u>341,843</u>

NOTE 3: BANK INTEREST

	2023	2022
	\$	\$
Macquarie bank interest	5,233	9
	<u>5,233</u>	<u>9</u>

NOTE 4: TAX RETURN FEES PAYABLE

	2023	2022
	\$	\$
Tax return fees	2,995	2,850
	<u>2,995</u>	<u>2,850</u>

NOTE 5: PREPAID EXPENSES AND AMORTISATION

(a) Establishment fee amortisation

	2023	2022
	\$	\$
Capitalised establishment fee	4,413	368
	<u>4,413</u>	<u>368</u>

(b) Trustee expenses including amortisation

	2023	2022
	\$	\$
Trustee expenses	25,000	2,083
Capitalised trustee expense	11,458	955
	<u>36,458</u>	<u>3,038</u>

(c) Legal fee amortisation

	2023	2022
	\$	\$
Capitalised legal fee	779	65
	<u>779</u>	<u>65</u>

(d) Prepaid establishment costs

	2023	2022
	\$	\$
Establishment fee amortisation	17,284	-
Trustee expenses amortisation	10,504	21,961
Legal fee amortisation	3,050	3,828
	<u>30,838</u>	<u>25,789</u>

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NOTE 6: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units	2023	2023	2022	2022
	Units	\$	Units	\$
Opening balance	375,000	375,000	-	-
Units issued – applications	2,528,592	2,394,615	375,000	375,000
Closing balance	2,903,592	2,769,615	375,000	375,000

(b) Undistributed (loss) attributable to unitholders	2023	2022
	\$	\$
Opening balance	(9,489)	-
Operating (loss) before finance costs attributable to unitholders	(113,399)	(9,489)
Closing balance	(122,888)	(9,489)

(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: REVALUATION

	2023	2022
	\$	\$
Revaluation reserve	325,899	-
Foreign exchange revaluation	(1,755)	-
	324,144	-

NOTE 8: 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. In March 2023, the Investment Manager waived the investment manager fee until further notice to reduce the Fund expense.

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 year, subject to the Fund exceeding its high watermark.

(a) Investment manager fees	2023	2022
	\$	\$
Investment manager fees	16,670	460
	16,670	460

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 8: PERFORMANCE FEES & INVESTMENT MANAGEMENT FEES (continued)

	2023	2022
	\$	\$
(b) Investment manager fees payable		
Investment manager fees payable	-	460
	<u>-</u>	<u>460</u>

NOTE 9: DIVIDEND INCOME

	2023	2022
	\$	\$
Dividend income	4,416	-
	<u>4,416</u>	<u>-</u>

NOTE 10: OTHER FUND EXPENSES

	2023	2022
	\$	\$
Other administration expenses	150	8
Investment loss	10,424	-
Foreign exchange loss	4,854	-
Saxo trading costs	27,616	-
Expense recoverable by trustee	271	-
	<u>43,315</u>	<u>8</u>

NOTE 11: RELATED PARTY TRANSACTIONS

(a) Trustee

The Trustee of the Fund for the financial year 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 \$25,000 (plus GST) (2022: \$3,038) were paid by the Fund to VT No.2 Limited for its role as Trustee for the year, of which \$1,375 (2022: \$167) is claimable by the Fund as a reduced inputs tax credit. Trustee fees of \$22,917 has been charged and amortised over two years, over which \$11,458 (2022: \$955) has been amortised during the financial year.

(b) Investment Manager

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

Fees of \$16,670 (plus GST) (2022: \$460) were accrued by the Fund to UGC Asset Management Pty Ltd for its role as Investment Manager for the year, of which \$1,250 (2022: \$35) is claimable by the Fund as a reduced inputs tax credit.

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NOTE 11: RELATED PARTY TRANSACTIONS

(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 \$15,375 (plus GST) (2022: \$1,250) were accrued and paid by the Fund to Vasco Fund Services Pty Ltd for its role as Administration Manager for the year, of which \$1,153 (2022: \$94) is claimable by the Fund as a reduced inputs tax credit.

(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, and an Investment Manager, UGC Asset Management Pty Ltd, to manage the activities of the Fund. The Directors of the Trustee and Investment Manager are key management personnel of those corporate entities. No compensation is paid directly by the Fund to Directors or to any of the key management personnel of the Trustee or Investment Manager. Payments made by the Fund to the Trustee and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

NOTE 12: CONTINGENT LIABILITIES

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

NOTE 13: 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.

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ABN 90 642 882 179
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 14: 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 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 14: 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
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NOTE 15: 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
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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 2023 and of its performance for the year 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: 15 August 2023