

# **Select International Alpha Fund**

ARSN 112 222 465

## **Financial report**

**For the year ended 30 June 2024**

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## For the year ended 30 June 2024

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This financial report covers Select International Alpha Fund as an individual entity.

The Responsible Entity of Select International Alpha Fund is K2 Asset Management Ltd (ABN 95 085 445 094).

The Responsible Entity's registered office is:  
Level 44, 101 Collins Street  
Melbourne, Victoria, 3000.

## Directors' report

The Directors of K2 Asset Management Ltd (ABN 95 085 445 094), the Responsible Entity of Select International Alpha Fund, present their report together with the financial statements of Select International Alpha Fund (the "Fund") for the year ended 30 June 2024 and the auditor's report thereon.

### Principal activities

The Fund continues to invest in International listed equities with exposure that may be gained either directly or indirectly by holding units in the GAM Star Alpha Technology Fund (the "Master Fund") as set out in the current Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

There were no other significant changes in the nature of the Fund's activities during the year.

The Fund is a registered managed investment scheme domiciled in Australia.

### Directors

The following persons held office as Directors of K2 Asset Management Ltd during the year or since the end of the year and up to the date of this report:

Campbell W Neal

Hollie A Wight

George Boubouras

Neil Sheather (Appointed on 1 July 2023)

### Service providers

The Responsible Entity of the Fund is K2 Asset Management Ltd.

Until 7 May 2024, GAM International Management Limited was the Investment Manager of the Fund. K2, as the Responsible Entity, appointed Liontrust Investment Partners LLP ("Liontrust") to act as the Investment Manager from 8 May 2024. Liontrust is a corporate authorised representative (CAR no. 001309268) of K2 Asset Management Ltd.

The Custodian of the Fund is State Street Australia Limited.

The Administrator of the Fund is State Street Australia Limited.

The Unit Registry service provider of the Fund is Boardroom Pty Limited.

The registered office and principal place of business of the Responsible Entity and the Fund is Level 44, 101 Collins Street, Melbourne, Victoria, 3000.

### Review and results of operations

The Fund has invested its funds in accordance with the current Product Disclosure Statement and the provisions of the Fund's Constitution.

The investment policy of the Fund continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution.

## Directors' report (continued)

### Review and results of operations (continued)

#### Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2024	30 June 2023
Profit for the year (\$'000)	<u>1,453</u>	<u>1,074</u>
<b>Distributions</b>		
Distributions paid and payable (\$'000)	<u>-</u>	<u>19</u>
Distribution (dollars per unit)	<u>-</u>	<u>0.31</u>

#### Net Asset Value per unit

NAV per unit (quoted ex-distribution) are shown as follows:

	2024	2023
	\$	\$
At 30 June	<b>148.97</b>	127.62

#### Significant changes in state of affairs

On 8 May 2024, notices were released to inform unitholders on the change of Investment Manager from GAM International Management Limited to Liontrust Investment Partners LLP. It was also noted that the key staff that were managing the Master Fund will remain the same and this change will not impact the day-to-day management or strategy of the Fund or Master Fund.

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

#### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

#### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

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

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

## Directors' report (continued)

### Indemnity and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the Officers of K2 Asset Management Ltd or the auditors of the Fund. So long as the Officers of K2 Asset Management Ltd act in accordance with the Fund's Constitution and the Law, the Officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 15 to the financial statements.

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

Units held in the Fund by the Responsible Entity or its related parties as at the end of the year are disclosed in Note 15 to the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is set out below. Please refer to Note 7 to the financial statements for further details.

	<b>As at</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>No.'000</b>	No.'000
Units on issue - 1 July	62	93
Units issued during the year	24	1
Units redeemed during the year	(6)	(34)
Units issued upon reinvestment of distributions*	-	2
Units on issue - 30 June	<u>80</u>	<u>62</u>

\* During the financial year ended 30 June 2024, there were 64 units issued upon reinvestment of distributions and have been rounded to the thousand in the above table.

	<b>As at</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Value of assets</b>		
Net value of the Fund's assets	11,928	7,956

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 2 to the financial statements.

### Environmental regulation

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

## Directors' report (continued)

### Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

### Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 and forms part of the Directors' report.

This report is made in accordance with a resolution of the Directors of K2 Asset Management Ltd.



Hollie A Wight  
Director

Melbourne  
30 August 2024



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of K2 Asset Management Ltd (the Responsible Entity) of Select International Alpha Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Select International Alpha Fund for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Chris Wooden  
*Partner*  
*Melbourne*

30 August 2024

## Statement of Comprehensive Income

		Year ended	
		30 June 2024	30 June 2023
		\$'000	\$'000
	Notes		
<b>Investment income</b>			
Interest income		5	-
Distribution and dividend income		43	177
Net gains on financial instruments at fair value through profit or loss	5	1,769	1,465
Net foreign exchange losses		-	(106)
Other operating income		-	17
<b>Total net investment income</b>		<u>1,817</u>	<u>1,553</u>
<b>Expenses</b>			
Responsible Entity fees	15	36	14
Management fees	15	136	126
Auditor's remuneration	11	31	37
Transaction costs		-	119
Performance fees expense	15	41	5
Administrative expenses		82	85
Interest expense		-	33
Other operating expenses	12	38	60
<b>Total operating expenses</b>		<u>364</u>	<u>479</u>
<b>Profit for the year</b>		<u>1,453</u>	<u>1,074</u>
<b>Total comprehensive income for the year</b>		<u>1,453</u>	<u>1,074</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



## Statement of Financial Position

		As at	
		30 June 2024 \$'000	30 June 2023 \$'000
	Notes		
<b>Assets</b>			
Cash and cash equivalents	9	160	102
Receivables	13	22	28
Due from brokers - receivable for securities sold		50	43
Financial assets at fair value through profit or loss	6	<u>11,878</u>	<u>7,902</u>
<b>Total assets</b>		<u>12,110</u>	<u>8,075</u>
<b>Liabilities</b>			
Payables	14	155	97
Performance fee payable	15	27	3
Distributions payable	8	<u>-</u>	<u>19</u>
<b>Total liabilities</b>		<u>182</u>	<u>119</u>
<b>Net assets attributable to unitholders - equity</b>	7	<u>11,928</u>	<u>7,956</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

		Year ended	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
<b>Total equity at the beginning of the year</b>	7	<b>7,956</b>	10,583
<b>Comprehensive income/(loss) for the year</b>			
Profit for the year		<u>1,453</u>	<u>1,074</u>
<b>Total comprehensive income for the year</b>		<u><b>1,453</b></u>	<u>1,074</u>
<b>Transactions with unitholders</b>			
Applications	7	<b>3,473</b>	109
Redemptions	7	<b>(962)</b>	(3,968)
Units issued upon reinvestment of distributions	7	<b>8</b>	177
Distributions to unitholders	8	<u>-</u>	<u>(19)</u>
<b>Total transactions with unitholders</b>		<u><b>2,519</b></u>	<u>(3,701)</u>
<b>Total equity at the end of the year</b>	7	<u><b>11,928</b></u>	<u>7,956</u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## Statement of Cash Flows

		Year ended	
		30 June 2024	30 June 2023
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		1,110	37,843
Purchase of financial instruments at fair value through profit or loss		(3,324)	(34,701)
Dividends and distributions received		43	188
Interest received		5	-
Other income received		5	20
Responsible Entity fees paid		(33)	(11)
Management fees paid		(119)	(130)
Performance fees expense paid		(17)	(2)
Interest paid		-	(42)
Payment of other operating expenses		(170)	(300)
Payments for foreign exchange movements		-	(410)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<u>(2,500)</u>	<u>2,455</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		3,474	109
Payments for redemptions by unitholders		(905)	(3,926)
Distributions paid		<u>(11)</u>	<u>(181)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>2,558</u>	<u>(3,998)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>58</b>	<b>(1,543)</b>
Cash and cash equivalents at the beginning of the year		102	1,341
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	304
<b>Cash and cash equivalents at the end of the year</b>	9	<u>160</u>	<u>102</u>
<b>Non-cash financing activities</b>	10(b)	<u>8</u>	<u>177</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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## 1 General information

These financial statements cover Select International Alpha Fund (the “Fund”) as an individual entity which is a registered managed investment scheme under the *Corporations Act 2001*. The Fund was registered with the Australian Securities and Investments Commission (ASIC) as a registered managed investment scheme on 15 December 2004 and began operations on 31 December 2004. The Fund will terminate on 14 December 2084 unless terminated earlier in accordance with the provisions of the Fund’s Constitution.

The Responsible Entity of the Fund is K2 Asset Management Ltd (the “Responsible Entity”). The Responsible Entity’s registered office is Level 44, 101 Collins Street, Melbourne VIC 3000. The financial statements are presented in Australian currency.

The Fund invests in International listed equities with exposure that may be gained either directly or indirectly by holding units in the GAM Star Alpha Technology Fund (the “Master Fund”) as disclosed in the current Product Disclosure Statement and in accordance with the provisions of the Fund’s Constitution.

These financial statements were approved by the Board of Directors of the Responsible Entity and authorised for issue by the Directors on 30 August 2024. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements of the Fund are for the year ended 30 June 2024.

## 2 Summary of material accounting policy information

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

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. Select International Alpha Fund is a for-profit fund for the purpose of preparing the financial statements.

The financial statements are prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

The Statement of Financial Position is presented on a liquidity basis.

Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined at the end of the reporting period.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

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

The financial statements of the Fund also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

### (b) New and amended standards adopted by the Fund

AASB 101 *Presentation of Financial Statements* require companies to disclose their material accounting policies, rather than their significant accounting policies for reporting periods beginning on or after 1 January 2023.

## 2 Summary of material accounting policy information (continued)

### (c) New standards and interpretations not yet adopted

A number of new accounting standards, amendments and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been early adopted in preparing these financial statements. Most of these are not expected to have a material impact on the financial statement of the Fund. However, management is still in the process of assessing the impact of the new standard AASB 18 which was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements* effective from 1 January 2027.

### (d) Financial Instruments

#### (i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of those financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers and receivables, these amounts are initially recognised at fair value and subsequently measured at amortised cost.

- Financial liabilities

The Fund may make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, due to brokers, management fees payable and other payables).

#### (ii) Recognition/derecognition

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

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all of the risk and rewards of ownership. Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expired.

#### (iii) Measurement

At initial recognition, the Fund measures its financial assets and financial liabilities at fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and 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 the Statement of Comprehensive Income in the period in which they arise.

## 2 Summary of material accounting policy information (continued)

### (d) Financial Instruments (continued)

#### (iii) Measurement (continued)

For further details on how the fair values of financial instruments are determined, please see Note 4 to the financial statements.

For financial assets and financial liabilities measured at amortised costs, they are initially measured at fair value plus (in case of financial assets) or minus (in case of financial liabilities), any directly attributable transaction costs. They are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents and receivables are carried at amortised cost.

#### (iv) Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

#### (v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when the Fund has 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.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the Statement of Financial Position.

### (e) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and the units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders less redemption costs. The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Fund. This amount represents the expected cash flows on redemption of these units.

## 2 Summary of material accounting policy information (continued)

### (e) Net assets attributable to unitholders (continued)

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavorable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity over the life the investments (excluding any effects of the instrument).

The Fund's units have been classified as equity having satisfied all the above criteria.

### (f) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term, highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by Fund in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions including cash management trusts, and bank overdrafts (which are shown separately on the Statement of Financial Position).

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Fund main income generating activity.

### (g) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is also recognised in the Statement of Comprehensive Income.

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

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(d) to the financial statements.



## 2 Summary of material accounting policy information (continued)

### (h) Expenses

All expenses, including management fees, performance fees, Responsible Entity fees and custodian fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

The performance fee is calculated and accrued daily based on the NAV (Net Asset Value) (before performance fee) of the Fund and is paid in arrears on a semi-annual basis as at the last business day in December and June. Performance fees are paid where applicable on redemptions throughout the financial year on a pro-rata basis.

Dividends declared on securities sold short are accrued on ex-dividend date and recognised as an expense in the Statement of Comprehensive Income.

### (i) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

The benefits of any imputation credits and foreign tax paid are passed on to unitholders.

### (j) Distributions

Distributions are payable as set out in the Fund's Product Disclosure Statement. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial assets and liabilities at fair value through profit or loss. Unrealised gains and losses on financial assets and liabilities at fair value through profit or loss that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained in the Fund to be offset against any future realised capital gains.

### (k) Change in net assets attributable to unitholders

Movements in net assets attributable to unitholders are recognised in the Statement of Changes in Equity.

### (l) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The Fund's functional currency is the Australian dollar. This is also the Fund's presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which are due to changes in foreign exchange rates from those due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

## 2 Summary of material accounting policy information (continued)

### (m) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

The Investment Manager of the Fund is GAM International Management Limited which was novated to Liontrust Investment Partners LLP effective from 8 May 2024. The GAM Star Alpha Technology Fund now have the broker receivables and any costs related to this are passed onto the Fund as unitholders of the GAM Star Alpha Technology Fund.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a financial asset may be credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

### (n) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a financial asset may be credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### (o) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the Statement of Financial Position.

Distributions declared effective 30 June in relation to unitholders who have previously elected to reinvest distributions are recognised as reinvested effective 30 June of the same financial year.

## 2 Summary of material accounting policy information (continued)

### (p) Applications and redemptions

Unit application and redemption prices are determined by reference to the unit price methodology outlined in the Fund's Constitution and Product Disclosure Statement.

### (q) Goods and Services Tax (GST)

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

### (r) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates 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.

For the majority of the Fund'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. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For more information on how fair value is calculated, please see Note 4 to the financial statements.

No impairment loss has been recognised on the financial assets measured at amortised cost under the expected credit loss model. Please see Note 3 for more information on credit risk.

### (s) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

### (t) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

The Fund is organised into one main segment which operates solely in the business of investment management within Australia.

### 3 Financial risk management

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

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and Constitution and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment management team using policies approved by the Board of Directors of the Responsible Entity (the "Board"). These policies include exposure limits, hedging and stop loss guidelines. Other aspects of risk are overseen by the Responsible Entity's compliance committee.

The Fund uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

#### (a) Market risk

'Market risk' is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and credits spreads, will affect the Fund's income or the fair value of its holdings of financial instruments.

##### (i) Price Risk

The Fund predominantly invests in the GAM Star Alpha Technology Fund ("Master Fund"), which is exposed to equity and derivative securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph (ii) sets out how this component of price risk is managed and measured. They are classified on the Statement of Financial Position as at fair value through profit or loss. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate due to changes in foreign exchange rates. All securities investments present a risk of loss of capital. Except for equities sold short by the Master Fund, the maximum risk resulting from financial instruments is determined by the fair value of the financial instrument. Possible losses from equities sold short can be unlimited. Policies restricting exposure to short positions aim to reduce this risk along with stop loss strategies that provide investment managers with instant notification when a position falls below a defined performance target. This enables investment managers to immediately execute a trade to minimise losses when the prices of short positions are rising or when prices on long positions are falling. Compliance with exposure limits and stop loss guidelines are reviewed on a daily basis by the investment managers.

The Master Fund also enters into over-the-counter option contracts to meet the requirements of its risk management and trading activities. The Fund monitors its positions to reduce the risk of potential loss due to changes in market value or failure of counterparties to perform.

The Investment Manager also aims to mitigate risk through diversification and a careful selection of securities and other financial instruments for the Master Fund within specified limits .

The majority of the Master Fund's investments are equities and equity related derivative contracts as described in the Product Disclosure Statement.

The table in Note 3(b) summarises the sensitivity of the Fund's assets and liabilities to price risk. The analysis is based on the assumptions that the markets in which the Fund invests increased/(decreased) by 10% (30 June 2023: 10%). The impact mainly arises from the possible change in the fair value of listed equities and equity derivatives.

##### (ii) Foreign exchange risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The Investment Manager aims to mitigate this risk via actively managing its currency exposure. One hundred percent of a foreign currency may be hedged or alternatively the Investment Manager may elect to have no currency hedging implemented. The risk is measured using sensitivity analysis.

The investment strategy for foreign exchange exposure is reviewed on a daily basis.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

The table below summarises the Fund's major exposure to assets and liabilities that are denominated in a currency other than the Australian dollar.

	GBP A\$'000	USD A\$'000
<b>30 Jun 2024</b>		
Cash and cash equivalents	-	1
Receivables	5	1
Payables	-	1
Gross Exposure (for currency selection)	5	3
<b>Total</b>	5	3
	GBP A\$'000	USD A\$'000
<b>30 June 2023</b>		
Cash and cash equivalents	-	1
Receivables	5	1
Payables	-	1
Gross Exposure (for currency selection)	5	3
<b>Total</b>	5	3

The table in Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened/strengthened by 10% (2023: 10%) against other currencies to which the Fund is exposed.

##### (iii) Interest rate risk

The Fund's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short term market interest rates. Interest rate risk management is also undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Fund to interest rate risk.

As at 30 June 2024	Floating interest rate \$'000	Fixed interest rate \$'000	Non interest bearing \$'000	Total \$'000
<b>Assets</b>				
Cash and cash equivalents	160	-	-	160
Receivables	-	-	22	22
Due from brokers - receivable for securities sold	-	-	50	50
Financial assets at fair value through profit and loss	-	-	11,878	11,878
<b>Liabilities</b>				
Payables	-	-	(155)	(155)
Performance fee payable	-	-	(27)	(27)
<b>Net exposure</b>	<b>160</b>	<b>-</b>	<b>11,768</b>	<b>11,928</b>

As at 30 June 2023	Floating interest rate \$'000	Fixed interest rate \$'000	Non interest bearing \$'000	Total \$'000
<b>Assets</b>				
Cash and cash equivalents	102	-	-	102
Receivables	-	-	28	28
Due from brokers - receivable for securities sold	-	-	43	43
Financial assets at fair value through profit and loss	-	-	7,902	7,902
<b>Liabilities</b>				
Payables	-	-	(97)	(97)
Performance fee payable	-	-	(3)	(3)
Distributions payable	-	-	(19)	(19)
<b>Net exposure</b>	<b>102</b>	<b>-</b>	<b>7,854</b>	<b>7,956</b>

An analysis of financial liabilities by maturities is provided in Note 3(d).

The table in Note 3(b) summarises the impact of an increase/decrease of interest rates on the Fund's profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 300 basis points (2023: +/- 300 basis points) from the year end rates with all other variables held constant.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's profit and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusual market movements resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Interest rate risk	
	Impact on profit/Net assets attributable to unitholders			
	-10%	+10%	-300bps	+300bps
	\$'000	\$'000	\$'000	\$'000
30 June 2024	(1,188)	1,188	(5)	5
30 June 2023	(790)	790	(3)	3

	Foreign exchange risk			
	Impact on profit/Net assets attributable to unitholders			
	-10%	10%	-10%	10%
	GBP	GBP	USD	USD
	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2024	-*	-*	-*	-*
30 June 2023	-*	-*	-*	-*

\* denotes amount less than \$1,000

Investing in a managed Fund is not without associated risk. The Fund's ability to produce investment returns is dependent on a wide range of factors, non unusual or unique to this Fund. An investment in the Fund, by itself, generally does not provide a complete investment program but rather is intended to serve as part of an investor's overall investment portfolio. The Fund will be exposed to risks through its direct investment in any given asset, sector or asset class. Investors should refer to the Funds Product Disclosure Document for detail of the risks inherent in investing in the Fund.

#### (c) Credit risk

'Credit risk' is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other and other financial institutions and due from brokers. None of these assets are past due or impaired.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund does not have any significant credit risk exposure to any single counterparty or counterparties having similar characteristics except for cash held with custodians. The creditworthiness of counterparties is reviewed by the Board to further assist in mitigating this risk. The credit rating of the prime broker and Fund administrator is reviewed annually and on an as needs basis.

### 3 Financial risk management (continued)

#### (c) Credit risk (continued)

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

#### Collateral pledged under prime brokerage agreements

The Fund has entered into a prime brokerage agreement with the Fund's prime broker. The prime broker is only able to charge, on lend or otherwise use a limited amount of the assets of the Fund, based on the liabilities owed to the prime broker, including amounts due to brokers for securities purchased and securities sold short. If there are no liabilities owing then none of the Fund assets can be used by the prime broker.

#### (d) Liquidity risk

'Liquidity risk' is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk occurs when securities become illiquid and as a result the position becomes difficult to exit. The Investment Manager aims to mitigate this risk by only investing in those markets that provide reasonable liquidity. Portfolio liquidity testing is conducted regularly to assess the time frames required to exit current positions.

The Fund's listed securities are considered readily realisable, as the majority are listed on viable stock exchanges.

The Fund may, from time to time, invest in derivative contracts traded over the counter or hold securities suspended from trading, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period from contractual maturity date to the year end date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
As at 30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	155	-	-	-	-	155
Performance fee payable	27	-	-	-	-	27
<b>Total liabilities</b>	<b>182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182</b>



### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
As at 30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	97	-	-	-	-	97
Performance fee payable	3	-	-	-	-	3
Distributions payable	19	-	-	-	-	19
<b>Total liabilities</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119</b>

The table above shows the undiscounted cash flows of the Fund's financial liabilities on the basis of their earliest possible contractual maturity. The carrying amounts approximate the nominal amounts.

### 4 Fair value measurement

The Fund measures and recognises the following financial assets and liabilities at fair value.

- Financial assets at fair value through profit or loss (see Note 6)

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and financial liabilities is the last traded price. When the Fund holds derivatives with offsetting market risks, it uses last traded prices as a basis for establishing fair values for the offsetting risk positions and applies this last traded price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### (ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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

## 4 Fair value measurement (continued)

### (ii) Fair value in an inactive or unquoted market (Level 2 and Level 3) (continued)

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

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the reporting 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 a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

### Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

As at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	-	-	26	26
Unlisted unit trusts	<u>11,852</u>	-	-	<u>11,852</u>
<b>Total</b>	<u>11,852</u>	-	<u>26</u>	<u>11,878</u>
<b>Total assets measured at fair value</b>	<u>11,852</u>	-	<u>26</u>	<u>11,878</u>

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	-	-	26	26
Unlisted unit trusts	<u>7,876</u>	-	-	<u>7,876</u>
<b>Total</b>	<u>7,876</u>	-	<u>26</u>	<u>7,902</u>

### (i) Transfers between levels

There were no transfers between levels in the fair value hierarchy for the year ended 30 June 2024 and year ended 30 June 2023. There were also no changes made to any of the valuation techniques applied as of 30 June 2023.

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

## 4 Fair value measurement (continued)

### Recognised fair value measurements (continued)

#### (ii) Fair value measurements using unobservable inputs (Level 3)

The following table presents the movement in level 3 instruments for the year ended 30 June 2024:

As at 30 June 2024	Equity securities \$'000
Opening balance	26
Purchases	-
Sales	-
Gains/(losses) recognised in profit and loss	-
Closing balance	26
Unrealised gains and losses included in the Statement of Comprehensive Income for financial assets and liabilities at the end of the year	-

The following table presents the movement in level 3 instruments for the year ended 30 June 2023.

As at 30 June 2023	Equity securities \$'000
Opening balance	26
Purchases	-
Sales	-
Gains/(losses) recognised in profit and loss	-
Closing balance	26
Unrealised gains and losses included in the Statement of Comprehensive Income for financial assets and liabilities at the end of the year	-

#### (iii) Quantative information of unobservable inputs - Level 3

Although the Responsible Entity of the Fund believes that the estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used as reasonably possible alternatives by 10% upwards (favourable) or downwards (unfavourable) would impact the Statement of Comprehensive Income.

## 4 Fair value measurement (continued)

### Recognised fair value measurements (continued)

#### (iii) Quantative information of unobservable inputs - Level 3 (continued)

The table below details the sensitivity analysis and the quantitative information about the unobservable inputs used in Level 3 fair value measurements:

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Favourable* \$'000
<b>As at 30 June 2024</b>				
<b>Equity Securities</b>	<b>26</b>	<b>Latest available trade price on stock exchange</b>	<b>Valuation of the underlying assets of the company</b>	<b>3</b>
<b>Total fair value measurements in level 3</b>	<b>26</b>			<b>3</b>

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Favourable* \$'000
<b>As at 30 June 2023</b>				
<b>Equity Securities</b>	<b>26</b>	<b>Latest available trade price on stock exchange</b>	<b>Valuation of the underlying assets of the company</b>	<b>3</b>
<b>Total fair value measurements in level 3</b>	<b>26</b>			<b>3</b>

\* A decrease (unfavourable) will have an equal and opposite impact on the Statement of Comprehensive Income from operating activities and Net assets attributable to unitholders.

There were no inter-relationships between unobservable inputs that materially affect fair values.

#### (iv) Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being Level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from Level 3 are analysed at the end of each reporting period.

#### (v) Financial instruments not measured at fair value

Financial instruments not measured at fair value through profit or loss include cash and cash equivalents, receivables, due from brokers, bank overdrafts, performance fee, distribution and other payables and due to brokers. These are short term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

## 5 Net gains/(losses) on financial instruments at fair value through profit or loss

The following table details the gains and losses recognised in relation to financial assets and liabilities at fair value through profit or loss:

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>Financial assets</b>		
Net gains on financial assets at fair value through profit and loss	1,769	1,469
<b>Financial liabilities</b>		
Net losses on financial liabilities at fair value through profit and loss	-	(4)
<b>Total net gains from financial instruments at fair value through profit or loss</b>	<b>1,769</b>	<b>1,465</b>

## 6 Financial assets at fair value through profit or loss

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Australian listed equity securities	26	26
Australian unlisted unit trusts	11,852	7,876
<b>Total financial assets at fair value through profit or loss</b>	<b>11,878</b>	<b>7,902</b>

The amount above includes \$nil (2023: \$nil) of equity securities on lent to the Fund's Prime Broker in accordance with the Prime Brokerage agreement. Refer to Note 3(c).

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4.

## 7 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	30 June 2024 No. '000	30 June 2023 No. '000	As at 30 June 2024 \$'000	30 June 2023 \$'000
<b>Net assets attributable to unitholders</b>				
Opening balance	62	93	7,956	10,583
Applications	24	1	3,473	109
Redemptions	(6)	(34)	(962)	(3,968)
Units issued upon reinvestment of distributions*	-	2	8	177
Distributions paid and payable	-	-	-	(19)
Profit for the year	-	-	1,453	1,074
Closing balance	80	62	11,928	7,956

\* During the year ended 30 June 2024, there were 64 units issued upon reinvestment of distributions and have been rounded to the thousand in the above table.

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

On the Statement of Cash Flows, proceeds from applications by unitholders incorporate application funding received from unitholders and also the value of units issued upon reinvestment of distributions, while distribution paid includes the cash distribution portion only.

## Capital risk management

The Fund considers its capital to be unitholders' funds. The Investment Manager manages its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. The Fund strives to invest in securities that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

## 8 Distributions to unitholders

The distributions for the year were as follows:

	30 June 2024 \$'000	Year ended 30 June 2024 DPU	30 June 2023 \$'000	30 June 2023 DPU
Distributions payable	-	-	19	0.31
Total	-	-	19	0.31

## 9 Cash and cash equivalents

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Cash at bank	<u>160</u>	<u>102</u>
	<u>160</u>	<u>102</u>

## 10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	1,453	1,074
Proceeds from sale of financial instruments at fair value through profit or loss	1,110	37,843
Purchase of financial instruments at fair value through profit or loss	(3,324)	(34,701)
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,769)	(1,465)
Net change in receivables	5	24
Net change in payables	25	(16)
Unrealised foreign exchange gains/(losses)	-	(304)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>(2,500)</u>	<u>2,455</u>
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>8</u>	<u>177</u>

## 11 Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
<i>Audit services</i>		
Auditing/reviewing the financial report	19,885	23,780
Compliance plan audit	5,850	5,625
	<u>25,735</u>	<u>29,405</u>
<i>Taxation services</i>		
Tax compliance services	5,555	7,890
	<u>5,555</u>	<u>7,890</u>
Total remuneration paid or payable to KPMG	<u>31,290</u>	<u>37,295</u>

## 12 Other operating expenses

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
Dividend withholding tax	-	9
Sundry	38	51
Total other operating expenses	<u>38</u>	<u>60</u>

## 13 Receivables

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Distribution and dividend receivable	18	18
GST receivable	4	4
Application receivable	-	1
Other receivables	-	5
Total receivables	<u>22</u>	<u>28</u>



## 14 Payables

	As at	
	30 June	30 June
	2024	2023
	\$'000	\$'000
Responsible Entity fees payable	6	3
Management fees payable	26	9
Audit fees payable	17	21
Redemptions payable	99	42
Administrative expenses payable	7	21
Other payables	-	1
Total payables	<u>155</u>	<u>97</u>

## 15 Related party transactions

### Responsible Entity

The Responsible Entity of Select International Alpha Fund is K2 Asset Management Ltd.

### Key management personnel

The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund.

#### (i) Directors

Key management personnel includes persons who were Directors of K2 Asset Management Ltd at any time during the financial year and up to the date of this report:

Campbell W Neal  
Hollie A Wight  
George Boubouras  
Neil Sheather (Appointed on 1 July 2023)

#### (ii) Other key management personnel

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

## 15 Related party transactions (continued)

### Key management personnel unitholdings

The key management personnel of K2 Asset Management Ltd (or their related entities) held units in the Fund as follows:

#### 2024

Director	Closing unit holding (Units)	Interest held %	Value of units held* (\$)	Units purchased (Units)	Prior Year Distribution reinvested (Units)	Units sold (Units)	Current Year Distributions received (\$)
Hollie A Wight	680	0.85	101,250	-	2	-	-
Total	680	0.85	101,250	-	2	-	-

\* Value of units is calculated based on NAV per unit (quoted ex-distribution).

#### 2023

Director	Closing unit holding (Units)	Interest held %	Value of units held* (\$)	Units purchased (Units)	Prior Year Distribution reinvested (Units)	Units sold (Units)	Current Year Distributions received (\$)
Campbell W Neal	-	-	-	-	147	4,474	-
Hollie A Wight	678	1.09	86,528	-	22	-	211
Total	678	1.09	86,528	-	169	4,474	211

\* Value of units is calculated based on NAV per unit (quoted ex-distribution).

### Related party unitholdings

Neither the Responsible Entity nor its Parent company held units in the Fund at the end of the financial year.

### Transactions and balances with related parties

Transactions with K2 Asset Management Ltd in its role as the Responsible Entity have taken place at arm's length, in the ordinary course of business and are as follows:

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Management fees expense for the financial year	136,038	126,314
Performance fees expense for the financial year	41,463	4,643
Responsible Entity fees expense for the financial year	35,973	14,250

## 15 Related party transactions (continued)

### Transactions and balances with related parties (continued)

	30 June 2024	As at 30 June 2023
	\$	\$
Management fees payable at the end of each financial year	25,920	8,854
Performance fees payable at the end of each financial year	26,916	2,938
Responsible Entity fees payable at the end of each financial year	5,823	2,969

In accordance with the investment management agreement entered with GAM International Management Limited which was novated to Liontrust Investment Partners LLP effective from 8 May 2024, K2 Asset Management Ltd is entitled to 20% of the investment management fee and 10% of the performance fee generated by the Fund.

### Key management personnel compensation

Key management personnel are paid by K2 Asset Management Ltd. Payments made from the Fund to K2 Asset Management Ltd do not include any amounts directly attributable to compensation of key management personnel.

### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

### Investments

The Fund did not hold any investments in K2 Asset Management Ltd or K2 Asset Management Holdings Ltd or its affiliates during the year.

### Other transactions within the Fund

From time to time, Directors of the Responsible Entity of the Select International Alpha Fund, or their Director related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors.

## 16 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period and up to the date of this report which would impact on the financial position of the Fund as disclosed in the Statement of Financial Position as at 30 June 2024 or on the results and cash flows of the Fund for the year ended on that date.

## 17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

## Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 7 to 34 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of K2 Asset Management Ltd.



Hollie A Wight  
Director

Melbourne  
30 August 2024



# Independent Auditor's Report

To the unitholders of Select International Alpha Fund

## Opinion

We have audited the **Financial Report** of Select International Alpha Fund (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2024
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other Information

Other Information is financial and non-financial information in Select International Alpha Fund's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of K2 Asset Management Ltd (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors of K2 Asset Management Ltd (the Responsible Entity) are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate Scheme or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Chris Wooden  
Partner  
Melbourne

30 August 2024