

WALSH BAY
PARTNERS

**WALSH BAY PARTNERS DIVERSIFYING
ALTERNATIVES FUND**

FINANCIAL REPORT

**FOR THE PERIOD FROM 22 JULY 2022
TO 30 JUNE 2023**

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

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WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

FUND PARTICULARS

| | |
|--|--|
| Trustee and Custodian for the Fund | Evolution Trustees Limited ABN 29 611 839 519, AFSL 486217 |
| Registered Office | Level 15 68 Pitt Street Sydney NSW 2000 |
| Manager of the Fund | Walsh Bay Partners Pty Ltd ABN 48 160 258 097 AFSL 487878 Suite 1B, Level 17, 1 Market Street, Sydney NSW 2000 |
| Directors of the Trustee David Roko Grbin Alexander James Calder Rupert Clive Smoker Ben Michael Norman | Appointed/Resigned Director appointed 1 September 2016 Director appointed 1 September 2016 Director appointed 13 April 2016 Alternate Director appointed 8 January 2019 |
| Administrator of the Fund | Apex Fund Services (Australia) Pty Ltd ABN 86 149 408 702 Level 13, 459 Little Collins St Melbourne VIC 3000, Australia |
| Legal Advisor | Ernst & Young 200 George Street Sydney NSW 2000, Australia |
| Tax Advisor | Ernst & Young 200 George Street Sydney NSW 2000, Australia |
| Auditor | Ernst & Young 200 George Street Sydney NSW 2000, Australia GPO Box 2646 Sydney NSW 2001 |

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023

| | Notes | Period from 22 July 2022 to 30 June 2023 \$ |
|--|-------|--|
| INVESTMENT INCOME | | |
| Revenue | 4 | 47,126 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | | 18,617 |
| TOTAL INVESTMENT INCOME | | 65,743 |
| EXPENSES | | |
| Management fee | 11 | (60,412) |
| Administration fees | | (28,639) |
| Professional fees | 5 | (27,181) |
| Operating expenses | 6 | (16,528) |
| TOTAL EXPENSES | | (132,760) |
| Distributions to unitholders | | - |
| TOTAL LOSS FOR THE PERIOD | | (67,017) |
| Other comprehensive income | | - |
| TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD | | (67,017) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Notes | Year ended 30 June 2023 \$ |
|---|-------|----------------------------------|
| ASSETS | | |
| Cash | 7 | 1,012,288 |
| Receivables and prepayments | 8 | 17,633 |
| Financial assets at fair value through profit or loss | 9 | 8,318,617 |
| TOTAL ASSETS | | <u>9,348,538</u> |
| LIABILITIES | | |
| Payables | 10 | 60,367 |
| Subscriptions received in advance | | 200,000 |
| TOTAL LIABILITIES (excluding net assets attributable to unitholders) | | <u>260,367</u> |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | 12 | <u>9,088,171</u> |
| TOTAL LIABILITIES | | <u>9,348,538</u> |

The above statement of financial position should be read in conjunction with the accompanying notes.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023

(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 period)

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023**

| | Note | Period from 22 July 2022 to 30 June 2023 \$ |
|---|-----------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest received | | 18,347 |
| Dividend received | | 11,146 |
| Management fees paid | | (44,423) |
| Administration fees paid | | (18,712) |
| Professional fees paid | | (12,265) |
| Other operating expenses paid | | 3,007 |
| Purchase of financial assets at fair value through profit or loss | | <u>(8,300,000)</u> |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | 13 | <u>(8,342,900)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from applications by unitholders | | <u>9,355,188</u> |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | <u>9,355,188</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 1,012,288 |
| CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD | | <u>-</u> |
| CASH AND CASH EQUIVALENT AT END OF THE PERIOD | 7 | <u><u>1,012,288</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023

NOTE 1. GENERAL INFORMATION

Walsh Bay Partners Diversifying Alternatives Fund ("the Fund") is a unit trust established on 13 May 2022, commenced operations on 22 July 2022 and is domiciled in Australia. The principal activity of the Fund will predominantly be to invest in a diversified portfolio of alternative investments either directly or through other funds. The investments will be a combination of diversified alternatives strategies, diversifying alternative assets and cash. Diversified alternatives strategies typically operate within, or across, the major public markets but are managed to minimise any permanent exposure to the direction of these markets.

These financial statements cover the Fund as an individual entity that commenced operations on 22 July, 2022. The financial statements are for the period from commencement to 30 June 2023.

The Fund is an unregistered Australian managed investment scheme in the form of a unit trust. The Responsible Entity of the Fund is Evolution Trustees Limited (ACN 611 839 519, AFS 486217). The Responsible Entity's registered office is Level 15, 68 Pitt Street, Sydney NSW 2000. The financial statements are presented in the Australian currency unless otherwise noted.

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The general-purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AAS") and other authoritative pronouncement of the Australian Accounting Standard Board ("AASB") – Simplified Disclosures. The Fund has adopted AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* effective 1 July 2022. There are no significant effects in the statement of comprehensive income, statement of financial position, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund as a result of the first-time adoption.

The financial statements are presented in Australian Dollars ("AUD") which is the functional currency of the Fund.

The financial report has been prepared on an accruals basis and is based on a historical cost basis, except for the financial assets and financial liabilities at fair value through profit or loss (FVPL). This financial report has been prepared on a going concern basis.

The following material accounting policies have been adopted in the preparation of this financial report.

(b) Income Tax

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

(c) Financial Assets and Liabilities

The Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Assets and Liabilities (continued)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets;
- The contractual cash flow characteristics of the financial assets.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- d) Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

The Fund includes in this category:

Instruments at fair value through profit or loss: This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this short-term payable.

Other financial liabilities

This category includes all financial liabilities, other than those classified as at FVPL. The Fund includes in this category short-term payables.

(i) Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(ii) Initial Measurement

Financial assets and financial liabilities at FVPL are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Assets and Liabilities (continued)

Financial liabilities (continued)

Other financial liabilities (continued)

(iii) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the profit or loss. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the profit or loss.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- a) Transferred substantially all of the risks and rewards of the asset; or
- b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of Financial Position.

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

(e) Revenue

Dividend income from other entities is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest income from other entities is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Trust distribution income is recognised in the profit or loss on the day on which the relevant underlying investment manager announces a distribution.

Other income is recognised as it is earned.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023**

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Net assets attributable to unitholders

As the Fund is primarily invested in illiquid securities, the Trustee may accept or reject a redemption request at any time.

The Trustee will calculate the redemption Unit price in accordance with Clause 12.1 of the Trust Deed by dividing the NAV of the Fund as at the last Business Day of the quarter (after subtracting the Trustee's estimate of transaction costs) by the number of units on issue.

(g) Increase/decrease in net assets attributable to unitholders

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments at fair value through profit or loss, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income.

Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

Movements in net assets attributable to unitholders are recognised in the profit or loss as finance costs.

(h) Goods and Services Tax ("GST")

The application, redemption or transfer of units in the Fund, and receipt of distributions will not be subject to GST.

No GST should generally be payable in respect of the application, withdrawal or transfer of Units in the Fund. Distributions made by the Fund will also not be subject to GST. Each Investor who is registered for GST should consider the recoverability of any GST charged on costs related to their investment in the Fund.

Fees and expenses incurred by the Fund, such as management costs, will generally attract GST at the rate of 10%. Given the nature of the Fund's activities, the Fund will generally not be entitled to claim input tax credits for the full amount of the GST incurred. However, the Fund may be entitled to input tax credits and / or Reduced Input Tax Credits (RITC) in respect of the fees and expenses incurred by the Fund.

(i) Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, cash at broker, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Distribution to unitholders

The Trustee must determine the distributable income of the Trust for each distribution period in accordance with its Trust Deed. The Trustee must determine the distribution policy of the Trust and inform investors of any changes in a timely way. Subject to that policy, there is no obligation for the Trustee to pay distributions to Investors.

(k) Payables

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

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position when unitholders are presently entitled to the distributable income under the Fund's Constitution. Given the short term nature of payables, the nominal amount approximates fair value.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Receivables

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

(m) Applications and Redemptions

A minimum investment amount of \$500,000 has been set by the Fund. A portion of the Fund's assets will be invested in closed-ended vehicles which will liquidate over their term or in investments that have infrequent liquidation periods such as Hard locks. Realisations of investments in the underlying funds, may not align with Investor's redemption requests.

Redemptions in the Fund cannot be guaranteed at the time of application to redeem because the assets of the Fund may be illiquid.

(n) Going Concern

Management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue its operations for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

(o) New and amended standards and interpretations

AASB 2018 7 Amendments to Australian Accounting Standards - Definition of Material

Adoption of AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-profit and Not-for profit Tier 2 Entities

There are no new 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.

(p) New standards, amendments and interpretations effective after 1 July 2023 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 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.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Trustee evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

A discussion of the types of significant estimates and assumptions used in the valuation of investments are disclosed in Note 2(c).

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023**

| | |
|--|--|
| | For the period ended 30 June 2023 |
| | \$ |
| NOTE 4. REVENUE | |
| Distribution income | 25,311 |
| Other income | 21,815 |
| | <u>47,126</u> |
| | For the period ended 30 June 2023 |
| | \$ |
| NOTE 5. Professional Fees | |
| Tax services | |
| Tax preparation fee expense | 4,129 |
| Tax advisory fee expense- Ernst & Young | 7,837 |
| Audit services | |
| Ernst & Young Australian firm | |
| Audit financial reports | 15,215 |
| | <u>27,181</u> |
| | For the period ended 30 June 2023 |
| | \$ |
| NOTE 6. OPERATING EXPENSES | |
| Set up cost expense | 6,114 |
| Accounting fee | 3,690 |
| FATCA service fee expense | 3,658 |
| Transfer agent fee expense | 2,158 |
| Registration fee expense | 434 |
| Bank charges | 391 |
| Other expense | 83 |
| | <u>16,528</u> |
| | As at 30 June 2023 |
| | \$ |
| NOTE 7. CASH | |
| Cash at bank | 1,012,288 |
| | <u>1,012,288</u> |
| | As at 30 June 2023 |
| | \$ |
| NOTE 8. RECEIVABLES AND PREPAYMENTS | |
| Distributions receivable | 14,165 |
| RITC receivable | 3,468 |
| | <u>17,633</u> |

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023

As at 30 June 2023
\$

**NOTE 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH
PROFIT OR LOSS**

| | |
|------------------------------|-----------------------|
| Investment in unlisted funds | 8,318,617 |
| | <hr/> 8,318,617 <hr/> |

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period.
- **Level 2:** The fair value of financial instruments that are not traded in an active market (for example, convertible notes) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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.

a. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking 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, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

b. 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.

For other pricing models, inputs are based on market data at the end of the reporting period. 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.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023**

NOTE 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

b. Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. 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.

30 June 2023

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------|------------------|----------------|------------------|
| | AUD | AUD | AUD | AUD |
| Financial assets at FVTPL | | | | |
| Investments in unlisted funds | - | 7,768,307 | 550,310 | 8,318,617 |
| Total financial assets at FVTPL | - | 7,768,307 | 550,310 | 8,318,617 |

As at 30 June 2023
\$

NOTE 10. PAYABLES

| | |
|------------------------------|---------------|
| Management fees payable | 15,989 |
| Audit fees payable | 14,916 |
| Administration fees payable | 9,927 |
| Tax advisory fees payable | 8,250 |
| Set up costs payable | 6,560 |
| Tax preparation fees payable | 1,705 |
| Accounting fee payable | 1,320 |
| FATCA services fee payable | 1,100 |
| Transfer agent fees | 600 |
| | <u>60,367</u> |

NOTE 11. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Fund's transactions with related parties are authorised by the Trustees of the Fund and are undertaken in the ordinary course of business at arm's length. The pricing policies and terms of transactions with related parties are based on the terms of the Information Memorandum.

Management fee

The Management fee is 1.0% per annum (excluding GST) of the Fund's gross asset value.

The Trustee pays itself and the Manager out of this 1% fee.

The management fee charge for period ended 30 June 2023 was \$60,412 of which \$15,989 was payable as of 30 June 2023.

Access fee

The Manager receives an Access Fee of 1% (excluding GST) of the Application Moneys contributed to the Fund.

During the period ended 30 June 2023 Access fees of \$2,000 were payable to the Investment Manager and the charge for the period was \$94,500

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023**

NOTE 11. RELATED PARTY DISCLOSURES (continued)

Reimbursements to Manager

The Manager is entitled to be reimbursed for the costs in establishing the Fund.

During the period ended 30 June 2023 Reimbursement fees of \$6,360 were payable to the Investment Manager and the charge for the period was \$6,360.

Related party unitholdings

Parties related to the Fund (including Walsh Bay Partners Pty Ltd), its related parties and other schemes managed by Walsh Bay Partners Pty Ltd and Investment Manager, held no units in the Fund as at 30 June 2023.

Key Management Personnel

Directors

Key management personnel include persons who were directors of Walsh Bay Partners Pty Ltd at any time during or since the end of the financial period and up to the date of this report.

| | |
|-----------------|----------|
| Arun Abey | Director |
| Kristin Edmonds | Director |
| John Edstein | Director |

Following are the details of the capital transactions with related parties during the period, including with entities controlled by related parties:

| Name of Related Party | Nature of relationship | Number of units issued |
|-----------------------|---|------------------------|
| Arun Abey | Director in Walsh Bay Partners Pty Ltd) | 592,507.70 |
| John Edstein | Director in Walsh Bay Partners Pty Ltd) | 1,494,408.13 |

NOTE 12. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Quantitative information about the Fund's net assets attributable to holders of redeemable participating Unit are provided in the statement of changes in net assets attributable to unitholders.

UNITS IN THE FUND

Units are issued quarterly as at the last business day of the quarter or, if approved by the Trustee, as at the last business day of the month. Applications for units must be received no later than 2:00 pm on the 10th of the month that is the last month in the quarter or, subject to the Trustee's discretion, after that time. Applications received after this time will be processed in the following quarter.

Initial Units

On establishment of the Fund, the initial subscription price per Unit is AU\$1

Subsequent Units

The application price for subsequent Units (excluding Initial Units) will be determined based on the following:

Net Asset Value + Transaction Costs
Number of Units in Issue

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM 22 JULY 2022 TO 30 JUNE 2023**

NOTE 12. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

The Net Asset Value (NAV) will be determined on the last day of the month (Application Date)

Movements in number of units and unitholders' funds during the financial year 30 June 2023 were as follows:

| | No of units | \$ |
|--|------------------|------------------|
| Balance at 22 July 2022 | - | - |
| Applications | 9,151,104 | 9,155,188 |
| Net decrease in net assets attributable to unitholders | - | (67,017) |
| Balance at 30 June 2023 | <u>9,151,104</u> | <u>9,088,171</u> |

CAPITAL MANAGEMENT

As a result of the ability to issue and redeem participating Unit, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue or redemption of participating Unit beyond those included in the Information Memorandum.

NOTE 13. RECONCILIATION OF PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | For the period ended 30 June 2023 \$ |
|--|--|
| Decrease in net assets attributable to unitholders | (67,017) |
| Change in fair value of financial assets | (8,318,617) |
| Net change in receivables | (17,633) |
| Net change in payables | 60,367 |
| Net cash outflow from operating activities | <u>(8,342,900)</u> |

NOTE 14. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

There have been no matters or circumstances that have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the Fund, the results of those operations or state of affairs of the Fund in future financial years.

NOTE 15. CONTINGENT LIABILITIES AND COMMITMENTS

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

NOTE 16. FUND DETAILS

The principal place of business of the Fund is:

Suite 17b, L.17, 1 Market Street, Sydney NSW 2000.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

DIRECTORS' DECLARATION OF THE TRUSTEE

The directors of Evolution Trustees Limited, the Trustee of Walsh Bay Partners Diversifying Alternatives Fund (the "Fund"), declare that:

1. The Fund is not a reporting entity and that this financial report has been prepared in accordance with the Australian Accounting Standards – Simplified Disclosure Requirements
2. the financial statements and notes, as set out on pages 3 to 16, present fairly the Fund's financial position as at 30 June 2023 and its performance for the period ended on the date in accordance with accounting policies described in Note 2 of the financial statements; and
3. in the 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.

Signed for and on behalf of the Trustee:



Ben Norman

Director

Dated: 23 November 2023



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Independent auditor's report to the unitholders of Walsh Bay Partners Diversifying Alternatives Fund

Opinion

We have audited the financial report of Walsh Bay Partners Diversifying Alternatives Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the period ended 30 June 2023, notes to the financial statements, including a summary of significant accounting policies, and the Trustee's declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as of 30 June 2023, and its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards - Simplified Disclosures.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Trustee for the financial report

The Trustee of the Fund is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and for such internal control as the Trustee determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.



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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Sydney
23 November 2023