

**IPAC ALTERNATIVE GROWTH FUND**  
**SPECIAL PURPOSE FINANCIAL REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

**National Mutual Funds Management Limited**  
**Level 29,**  
**50 Bridge Street,**  
**Sydney, NSW 2000**  
**Australia**  
**ACN 006 787 720**

IPAC ALTERNATIVE GROWTH FUND

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**IPAC ALTERNATIVE GROWTH FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
<b>INCOME</b>		
Distributions	9,540,448	2,586,035
Interest income from financial assets measured at amortised cost	1,537,595	129,373
Interest income from financial assets measured at fair value through profit or loss	2,271,497	3,459,596
Net foreign exchange gain/(loss) on cash and cash equivalents	193,189	(543,285)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(15,039,299)	(9,314,638)
Trustee fee rebates	247,395	1,190,512
External investment management fee rebates	95,207	112,616
Other income	<u>272,595</u>	<u>137,526</u>
<b>Total income/(loss)</b>	<u>(881,373)</u>	<u>(2,242,265)</u>
<b>EXPENSES</b>		
Interest expense	(668,460)	(32,747)
Custody fees	(98,459)	(115,261)
Transaction costs	(3,448)	(4,363)
Professional fees	(110,786)	(93,560)
Other expenses	<u>(24,778)</u>	<u>(19,667)</u>
<b>Total expenses</b>	<u>(905,931)</u>	<u>(265,598)</u>
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE TAX</b>	(1,787,304)	(2,507,863)
Withholding tax expense	<u>(6,661)</u>	<u>(22,706)</u>
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX</b>	<u>(1,793,965)</u>	<u>(2,530,569)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>	<u><u>(1,793,965)</u></u>	<u><u>(2,530,569)</u></u>

IPAC ALTERNATIVE GROWTH FUND

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023

	Notes	30 June 2023 \$	30 June 2022 \$
<b>ASSETS</b>			
Cash and cash equivalents		21,598,648	44,485,488
Broker deposits		551,306	6,245,613
Receivables	3	54,723	484,966
Financial assets measured at fair value through profit or loss			
Listed securities		91,282	88,362
Interest bearing securities		21,781,381	70,895,423
Derivative financial instruments		28,351,350	27,141,755
Unlisted managed investment funds		<u>55,424,749</u>	<u>110,672,278</u>
<b>TOTAL ASSETS</b>		<u>127,853,439</u>	<u>260,013,885</u>
<b>LIABILITIES</b>			
Broker advances		18,185,233	16,971,107
Payables	4	77,595	34,929,517
Distributions payable		-	1,649,936
Financial liabilities measured at fair value through profit or loss			
Derivative financial instruments		<u>329,209</u>	<u>7,447,895</u>
<b>TOTAL LIABILITIES</b>		<u>18,592,037</u>	<u>60,998,455</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - EQUITY</b>		<u>109,261,402</u>	<u>199,015,430</u>

IPAC ALTERNATIVE GROWTH FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	30 June 2023	30 June 2022
	\$	\$
Balance at the beginning of the financial year - Equity	199,015,430	283,376,905
Net profit/(loss) attributable to unitholders	(1,793,965)	(2,530,569)
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the financial year</b>	(1,793,965)	(2,530,569)
Distributions to unitholders reinvested	1,649,936	35,106,494
Redemptions	(89,609,999)	(115,287,464)
Distributions to unitholders	<u>-</u>	<u>(1,649,936)</u>
	<u>(87,960,063)</u>	<u>(81,830,906)</u>
<b>Balance at the end of the financial year - Equity</b>	<u><u>109,261,402</u></u>	<u><u>199,015,430</u></u>

**IPAC ALTERNATIVE GROWTH FUND**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Notes	30 June 2023	30 June 2022
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sales of financial instruments measured at fair value through profit or loss**		143,635,620	124,491,807
Payments for purchases of financial instruments measured at fair value through profit or loss**		(62,539,015)	(104,847,924)
Broker deposits received/(advanced)		6,908,433	(3,773,757)
Distributions received		9,426,676	2,488,873
Interest income received		3,850,557	3,529,199
Interest expense paid		(668,460)	(32,747)
Net GST received/(paid)		105	1,055
Trustee fee rebates received		644,306	1,261,774
External investment management fee rebates received		95,207	112,616
Other income received		272,595	137,526
Net withholding tax (paid)/received		58,827	(10,599)
Custody fees paid		(98,459)	(115,261)
Transaction costs paid		(3,448)	(4,363)
Professional fees paid		(110,786)	(93,560)
Other expenses paid		<u>(24,778)</u>	<u>(28,597)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	6(a)	<u>101,447,380</u>	<u>23,116,042</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for redemptions by unitholders		<u>(124,527,409)</u>	<u>(80,370,054)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(124,527,409)</u>	<u>(80,370,054)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		(23,080,029)	(57,254,012)
Cash and cash equivalents at the beginning of the financial year		44,485,488	102,282,785
Net foreign exchange gain/(loss) on cash and cash equivalents		<u>193,189</u>	<u>(543,285)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*</b>		<u><u>21,598,648</u></u>	<u><u>44,485,488</u></u>

\*Cash and cash equivalents include investments in unlisted managed cash funds. Further details are disclosed in Note 1(m) Cash and Cash Equivalents.

\*\*The Trust invests in interest bearing securities that may include investments with short term maturities. Consequently, investment turnover can be relatively frequent.

## IPAC ALTERNATIVE GROWTH FUND

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

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

##### (a) Trust Information

The ipac Alternative Growth Fund (the "Trust") is an unregistered unit trust. National Mutual Funds Management Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at Level 29, 50 Bridge Street, Sydney, NSW 2000.

The principal activity of the Trust during the financial year is the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

##### (b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfil the financial reporting requirements under the Trust Deed.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on a going concern basis and an accrual basis of accounting including the historical cost convention except for financial assets and liabilities measured at fair value through profit or loss.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for financial assets measured at fair value through profit or loss. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances that are unlikely to be settled within 12 months.

##### (c) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Gains or losses arising on derecognition of financial assets and liabilities are recognised in the Statement of Comprehensive Income.

##### (d) Financial Assets Measured at Fair Value Through Profit or Loss

The Trustee classifies the Trust's financial instruments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Trust's portfolio of financial assets is managed, and its performance is evaluated, on a fair value basis in accordance with the Trust's documented investment strategy. The Trust uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies.

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by the National Mutual Funds Management Ltd Asset Valuation Policy which has been adopted by the Trustee. This Policy outlines the valuation methodologies and processes applied to measure such financial instruments.

Listed securities, unlisted managed investment funds and interest bearing securities are measured at fair value through profit or loss.

Financial assets are initially measured at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

###### *Listed securities*

Listed securities include investments in listed managed investment funds and shareholdings in listed companies. The fair value of listed securities is the "bid" price of those securities, as quoted on their primary exchange at the balance date. If any listed securities are suspended from the relevant exchange at balance date, fair value is determined by reference to the last traded price, unless it is determined that another valuation basis is more appropriate.

###### *Unlisted managed investment funds*

The fair value of unlisted managed investment funds is the redemption price of those securities at the balance date.

## IPAC ALTERNATIVE GROWTH FUND

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

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (d) Financial Assets Measured at Fair Value Through Profit or Loss (continued)

###### *Interest bearing securities*

The fair value of interest bearing securities and discounted securities which are traded in a recognised market is the "bid" price of those securities, as quoted on the recognised exchange on which they are traded at the balance date.

Where there is no trading activity or valuation models, consensus pricing information from third party pricing services and broker quotes are used to determine an appropriate valuation.

The Trust invests in interest bearing securities that may include investments with short term maturities. Consequently, investment turnover can be relatively frequent.

##### (e) Derivative Financial Instruments

Derivative financial instruments are held for trading and are measured at fair value through profit or loss. The Trust does not designate any derivatives as a hedging instrument for hedge accounting purposes. Derivative financial instruments are initially measured at fair value exclusive of any transaction costs on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Derivative financial instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Where the Trust's derivative assets and liabilities are traded on an exchange, their fair value is determined by reference to quoted market prices or binding dealer quotations at the balance date.

Where the Trust's derivative assets and liabilities are not traded on an exchange, their fair value is determined by reference to counterparty valuations or by the Investment Manager.

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by the National Mutual Funds Management Ltd Asset Valuation Policy which has been adopted by the Trustee. This Policy outlines the valuation methodologies and processes applied to measure such financial instruments.

###### *Interest rate swaps*

Interest rate swap contracts are contractual obligations to exchange interest rate cash flows, based on a specified notional principal amount, for example, from a fixed rate to a floating rate (or vice versa). The party with the higher interest obligation pays the net amount to the other party. The fair value of interest rate swaps is determined by using discounted cash flow models. The most significant inputs into those models are interest rate yield curves which are developed from publicly quoted rates at the balance date.

###### *Life settlement swaps*

The swap is measured at fair value by reference to independent valuations prepared on a quarterly basis.

###### *Futures contracts*

Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The fair value of equity and interest rate futures contracts is the last quoted sale price on the relevant futures exchange at the balance date.

###### *Forward foreign exchange contracts*

Forward currency contracts are agreements to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. The fair value of forward foreign exchange contracts is determined by reference to currency exchange rates available from market observable sources at the balance date.

###### *Warrants*

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. The fair value of warrants is the "bid" price of the security, as quoted on its primary exchange at the balance date.

##### (f) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:



IPAC ALTERNATIVE GROWTH FUND

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Significant Accounting Judgements, Estimates and Assumptions (continued)**

*Fair value measurement of investments in financial instruments*

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 1(d) and 1(e).

*Assessment of Trust investments as structured entities*

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Trust.

The Trustee has assessed whether the managed investment funds in which the Trust invests in should be classified as structured entities. The Trustee has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Trustee has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

As voting rights or similar rights are the dominant factor in deciding who controls the funds, the Trustee has concluded that the managed investment funds in which the Trust invests in are not structured entities.

**(g) Investment Income**

The following specific recognition criteria must be met before income is recognised:

*Distribution income*

Distributions from listed managed investment funds are recognised as income on the date the unit is quoted ex-distribution with any related foreign withholding tax recognised as a tax expense.

Distributions from unlisted managed investment funds are recognised as income on the date the unit is quoted ex-distribution with any related foreign withholding tax recognised as a tax expense.

*Net changes in the fair value of financial instruments measured at fair value through profit or loss*

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year). This includes foreign exchange gains or losses arising on financial instruments measured at fair value through profit or loss.

*Interest income from financial assets measured at amortised cost*

Interest income from financial assets measured at amortised cost is earned on cash and cash equivalents and is recognised on an accrual basis.

*Interest income from financial assets measured at fair value through profit or loss*

Interest income from financial assets measured at fair value through profit or loss is income earned on interest bearing securities and is recognised on the date that the Trust is entitled to receive the interest coupon.

**(h) Trustee Fee Rebates**

Fees may be reimbursed to the Trust by the Trustee in accordance with specific fee structures applicable to each class of units. These are recognised in the Statement of Comprehensive Income on an accrual basis.

**(i) External Investment Management Fee Rebates**

Fees may be reimbursed to the Trust in accordance with specific fee arrangements with external fund managers. These are recognised in the Statement of Comprehensive Income on an accrual basis.

**(j) Expenses**

Expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

**(k) Broker Deposits**

Broker deposits comprise cash held with brokers as collateral for derivative transactions.

**(l) Broker Advances**

Broker advances comprise cash paid by brokers on behalf of the Trust as collateral for derivative transactions.

## IPAC ALTERNATIVE GROWTH FUND

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

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (m) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include investments in unlisted managed cash funds, which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

##### (n) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at amortised cost and are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their carrying amounts approximate their fair values.

##### *Impairment*

The Trust records expected credit losses (ECLs) on all of its receivables on a 12-month basis. Given the limited exposure of the Trust to credit risk, no material ECL has been recognised. The Trust only holds receivables with no financing component and that have maturities of less than 12 months.

##### (o) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair values.

##### (p) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. The Trust Deed allows the Attribution Managed Investment Trust ("AMIT") tax regime to apply to the Trust and the AMIT eligibility criteria have been met. The Trust Deed has no contractual obligation for the Trustee to distribute trust income to unitholders. As the Trustee does not have any contractual obligations to pay distributions, and the units on issue comprise one class of units with identical features which are equally subordinate to any other financial instruments on issue, the Trust's net assets attributable to unitholders have been classified as equity in accordance with AASB 132 Financial Instruments: Presentation.

The fair value of units requested to be redeemed is measured at the redemption amount that would be payable (based on the exit unit price) at the balance date. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders. Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Trustee if it is in the best interest of the unitholders. Furthermore, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

##### (q) Taxation

Under tax legislation, the Trust is generally not liable to pay income tax because the AMIT tax regime applies and unitholders are attributed the income of the Trust.

The Trust currently incurs withholding tax imposed by certain countries on income. Such income is recognised gross of withholding tax in the Statement of Comprehensive Income and the withholding tax is recognised as a tax expense.

##### (r) Distributions to Unitholders

Distributions are presented in the Statement of Changes in Net Assets Attributable to Unitholders - Equity. The Trust Deed has no contractual obligation for the Trustee to distribute trust income to unitholders.

##### (s) Foreign Currency Transactions

##### *(i) Functional and presentation currency*

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the Australian dollar.

##### *(ii) Transactions and balances*

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

##### (t) Terms and Conditions of Units on Issue

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Trust.

IPAC ALTERNATIVE GROWTH FUND

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) Terms and Conditions of Units on Issue (continued)**

Unitholders have various rights under the Trust Deed, which, subject to certain terms and conditions, include the right to:

- have their units redeemed
- attend and vote at meetings of unitholders
- participate in the termination and winding up of the Trust.

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust. Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable relating to the cancellation of units redeemed. Unit entry and exit prices are determined in accordance with the Trust Deed.

**(u) Goods and Services Tax ("GST")**

All income and expenses are recognised net of any GST paid, except where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

IPAC ALTERNATIVE GROWTH FUND

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

	30 June 2023	30 June 2022
	\$	\$
<b>NOTE 2: AUDITOR'S REMUNERATION</b>		
Amounts paid or payable to Ernst & Young, the auditor of the Trust, for:		
Audit of the Financial Statements of the Trust	<u>22,103</u>	<u>21,050</u>
	<u>22,103</u>	<u>21,050</u>
<b>NOTE 3: RECEIVABLES</b>		
Distributions receivable	8,238	-
Interest receivable	24,907	66,372
GST receivable	2,161	2,266
Trustee fee rebates receivable	<u>19,417</u>	<u>416,328</u>
	<u>54,723</u>	<u>484,966</u>
<b>NOTE 4: PAYABLES</b>		
Withholding tax payable	77,595	12,107
Redemptions payable	<u>-</u>	<u>34,917,410</u>
	<u>77,595</u>	<u>34,929,517</u>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Units</b>	<b>Units</b>
<b>NOTE 5: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		
The movement in the number of units on issue during the financial year was as follows:		
<b>Units on Issue</b>		
Opening balance	307,685,348	429,281,166
Distributions to unitholders reinvested	2,547,377	53,296,636
Redemptions	<u>(140,588,738)</u>	<u>(174,892,454)</u>
Closing balance	<u>169,643,987</u>	<u>307,685,348</u>
<b>Represented by:</b>		
<b>K Class</b>		
Opening balance	307,685,348	429,281,166
Distributions to unitholders reinvested	2,547,377	53,296,636
Redemptions	<u>(140,588,738)</u>	<u>(174,892,454)</u>
Closing balance	<u>169,643,987</u>	<u>307,685,348</u>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
<b>Net assets attributable to unitholders are represented by:</b>		
Fair value of outstanding units based on redemption price	111,557,886	198,980,115
Adjustments arising from the difference between the application of the redemption unit price and IFRS valuation of net assets	<u>(2,296,484)</u>	<u>35,315</u>
<b>Net assets attributable to unitholders</b>	<u>109,261,402</u>	<u>199,015,430</u>

IPAC ALTERNATIVE GROWTH FUND

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

	30 June 2023	30 June 2022
	\$	\$
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
<b>(a) Reconciliation of net profit/(loss) attributable to unitholders after tax to net cash inflow/(outflow) from operating activities</b>		
Net profit/(loss) attributable to unitholders after tax	(1,793,965)	(2,530,569)
Proceeds from sales of financial instruments measured at fair value through profit or loss	143,635,620	124,491,807
Payments for purchases of financial instruments measured at fair value through profit or loss	(62,539,015)	(104,847,924)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	15,039,299	9,314,638
Investment income reinvested	(105,534)	(97,162)
Net foreign exchange (gain)/loss on cash and cash equivalents	(193,189)	543,285
Changes in assets and liabilities:		
Net change in broker deposits/(advances)	6,908,433	(3,773,757)
(Increase)/decrease in receivables	430,243	12,547
Increase/(decrease) in payables	<u>65,488</u>	<u>3,177</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u><u>101,447,380</u></u>	<u><u>23,116,042</u></u>
<b>(b) Non-cash financing and operating activities</b>		
Non-cash financing and operating activities carried out during the financial year on normal commercial terms and conditions comprised:		
Distributions to unitholders reinvested	1,649,936	35,106,494
Participation in reinvestment plans	105,534	97,162

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

The Trust has investment commitments of \$1,779,380 (30 June 2022: \$1,722,452) to the Infrastructure Debt Fund II.

**NOTE 8: EVENTS OCCURRING AFTER THE BALANCE DATE**

Since 30 June 2023, there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

**NOTE 9: AUTHORISATION OF THE FINANCIAL REPORT**

The Financial Report of the ipac Alternative Growth Fund for the financial year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors of National Mutual Funds Management Limited on 11 September 2023.

**IPAC ALTERNATIVE GROWTH FUND**

**STATEMENT BY THE TRUSTEE**

In accordance with a resolution of the Directors of National Mutual Funds Management Limited, the Trustee, I state that in the opinion of the Directors of the Trustee:

- (a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:
  - (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
  - (ii) comply with accounting standards, as set out in Note 1(b) to the Financial Statements.
- (b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.



Director

11 September 2023, Sydney

## Independent Auditor's Report to the unitholders of ipac Alternative Growth Fund

### Opinion

We have audited the financial report, being a special purpose financial report, of ipac Alternative Growth Fund (the "Trust"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in net assets attributable to unitholders - equity, and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Trustee's statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Trust Deed and the Australian Accounting Standards to the extent described in Note 1(b) to the financial statements.

### 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 Trust in accordance with 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 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.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1(b) of the financial report which describes the basis of accounting. The financial report is prepared to assist the Trust to meet the requirements of the Trust Deed. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the unitholders of the Trust and the directors of National Mutual Funds Management Limited as the Trustee of the Trust (the "Trustee") (collectively the "Recipients") and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

### Responsibilities of the Directors for the Financial Report

The directors of the Trustee are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1(b) to the financial report is appropriate to meet the requirements of the Trust Deed and is appropriate to meet the needs of the unitholders. The directors' responsibility also includes such internal control as the directors 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.

## Responsibilities of the Directors for the Financial Report (cont.)

In preparing the financial report, the directors are responsible for assessing the Trust'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 directors either intend to liquidate the Trust 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.

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 Trust'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 Trust'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 Trust 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.





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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  
11 September 2023