

**Totus Alpha Long Short Fund**

ARSN 637 884 532

**Annual report**

**For the year ended June 30, 2023**

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These financial statements cover Totus Alpha Long Short Fund as an individual entity.

The Responsible Entity of Totus Alpha Long Short Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

## Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity (the "Responsible Entity") of Totus Alpha Long Short Fund (the "Fund"). The Directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Fund for the year ended June 30, 2023.

## Principal Activities

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

The Fund gains its exposure by investing in the unregistered Totus Alpha Fund (the "Underlying Fund") and cash.

The Underlying Fund is a long/short equity fund that utilises fundamental bottom up company research to identify mispriced securities. The Underlying Fund may hold long or short stock positions (or derivatives) to profit from this mispricing. Securities held in the Underlying Fund will be listed (or will be expected to list within 6 months of first acquiring the security) on a global recognised stock exchange.

The Fund was constituted on December 5, 2019 and commenced operations on May 18, 2020.

The Fund did not have any employees during the year.

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

## Directors

The Directors of The Trust Company (RE Services) Limited during the year and up to the date of this report are shown below. The Directors were in office for the entire year except where stated otherwise:

### Director

Christopher Green	Appointed as Director on January 23, 2023
Glenn Foster	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Simone Mosse	Resigned as Director on January 23, 2023

## Review and results of operations

During the year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution.

## Results

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

	Year ended	
	June 30, 2023 \$	June 30, 2022 \$
Operating profit before financing costs attributable to unitholders (\$'000)	(1,374)	555
Distributions paid and payable (\$'000)	-	905
Distributions (cents per unit)	-	22.6655

## Significant changes in state of affairs

On January 23, 2023, Simone Mosse resigned as Director and Christopher Green was appointed as Director.

## Directors' report (continued)

### Significant changes in state of affairs (continued)

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

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

No matter or circumstance has arisen since June 30, 2023 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 governing documents of the Fund and in accordance with 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.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, 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 the Fund's property during the year are disclosed in Note 12 of the financial statements.

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

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 of the financial statements.

### Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in Note 2 of the financial statements.

### Environmental regulation

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

### Rounding of amounts to the nearest thousand dollars


The Fund is an entity of a kind referred to in *Australian Securities and Investments Commission (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. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with the *ASIC Corporations Instrument*, unless otherwise indicated.

**Directors' report (continued)**

**Auditor's independence declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director  
The Trust Company (RE Services) Limited

Sydney  
25 September, 2023



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of The Trust Company (RE Services) Limited as Responsible Entity for Totus Alpha Long Short Fund**

As lead auditor for the audit of the financial report of Totus Alpha Long Short Fund for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

*Ernst & Young*

Ernst & Young

*Rohit Khanna*

Rohit Khanna  
Partner  
25 September 2023

**Totus Alpha Long Short Fund**  
**Statement of comprehensive income**  
**For the year ended June 30, 2023**

**Statement of comprehensive income**

	Notes	Year ended	
		June 30, 2023 \$'000	June 30, 2022 \$'000
<b>Investment income</b>			
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(493)	(262)
Expense reimbursement income	12	146	100
Dividend income		17	1,006
<b>Total investment income</b>		<b>(330)</b>	<b>844</b>
<b>Expenses</b>			
Responsible Entity's fees	12	60	-
Management fees	12	806	44
Performance fees	12	-	137
Administration and custody fees		134	76
Recoverable fees	12	-	1
Other operating expenses		44	31
<b>Total operating expenses</b>		<b>1,044</b>	<b>289</b>
<b>Profit/(loss) for the year</b>		<b>(1,374)</b>	<b>555</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(1,374)</b>	<b>555</b>

*The above Statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Totus Alpha Long Short Fund**  
**Statement of financial position**  
**As at June 30, 2023**

**Statement of financial position**

	Notes	As at	
		June 30, 2023 \$'000	June 30, 2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	9	237	48
GST receivable		34	4
Dividends receivable		17	1,006
Applications receivable		29	-
Financial assets at fair value through profit or loss	6	<u>58,036</u>	3,303
<b>Total assets</b>		<u><b>58,353</b></u>	4,361
<b>Liabilities</b>			
Redemptions payable		16	-
Management fees payable	12	79	6
Performance fees payable	12	-	56
Recoverable fee payable	12	-	1
Distributions payable	8	-	905
Other payables		4	3
<b>Total liabilities</b>		<u><b>99</b></u>	971
<b>Net assets attributable to unitholders – equity</b>	7	<u><b>58,254</b></u>	3,390

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



**Totus Alpha Long Short Fund**  
**Statement of changes in equity**  
**For the year ended June 30, 2023**

**Statement of changes in equity**

	Notes	Year ended	
		June 30, 2023 \$'000	June 30, 2022 \$'000
<b>Total equity at the beginning of the year</b>	7	<b>3,390</b>	1,543
<b>Comprehensive income/(loss) for the year</b>			
Profit/(loss) for the year		(1,374)	555
Other comprehensive income/(loss)		-	-
<b>Total comprehensive income/(loss) for the year</b>		<u>(1,374)</u>	<u>555</u>
<b>Transactions with unitholders</b>			
Applications	7	75,669	2,359
Redemptions	7	(19,783)	(259)
Reinvestment of distributions	7	352	97
Distributions paid and payable	7	-	(905)
<b>Total transactions with unitholders</b>		<u>56,238</u>	<u>1,292</u>
<b>Total equity at the end of the year</b>		<u>58,254</u>	<u>3,390</u>

*The above Statement of changes in equity should be read in conjunction with the accompanying notes.*

**Totus Alpha Long Short Fund**  
**Statement of cash flows**  
**For the year ended June 30, 2023**

**Statement of cash flows**

		Year ended	
		June 30, 2023	June 30, 2022
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		12,368	553
Payments for purchase of financial instruments at fair value through profit or loss		(67,594)	(2,241)
Expense reimbursement income received		146	102
Other income received		(30)	1
Management fees paid		(733)	(38)
Responsible Entity's fees paid		(60)	-
Administration and custody fees paid		(134)	(76)
Dividends received		1,006	-
Performance fees paid		(56)	(93)
Other operating expenses paid		(44)	(27)
<b>Net cash outflow from operating activities</b>	10(a)	<b>(55,131)</b>	<b>(1,819)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders	7	75,640	2,359
Payments for redemptions to unitholders	7	(19,767)	(259)
Distributions paid		(553)	(234)
<b>Net cash inflow from financing activities</b>		<b>55,320</b>	<b>1,866</b>
<b>Net increase in cash and cash equivalents</b>		<b>189</b>	<b>47</b>
Cash and cash equivalents at the beginning of the year		48	1
<b>Cash and cash equivalents at the end of the year</b>	9	<b>237</b>	<b>48</b>
Non-cash investing activities related to the reinvestment of distributions	10(b)	<b>352</b>	<b>97</b>

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

**Notes to the financial statements**

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## **1 General information**

These financial statements cover Totus Alpha Long Short Fund (the "Fund") as an individual entity. The Fund was constituted on December 5, 2019 and commenced operations on May 18, 2020. The Fund will terminate in accordance with the provisions of the Fund's Constitution.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the Responsible Entity of the Fund (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The Responsible Entity is incorporated and domiciled in Australia.

The investment manager of the Fund is Totus Alpha Management Pty Limited (the "Investment Manager").

The Fund gains its exposure by investing in the Underlying Fund (Totus Alpha Fund) and cash. The Underlying Fund is a long/short equity fund that utilises fundamental bottom up company research to identify mispriced securities. The Underlying Fund may hold long or short stock positions (or derivatives) to profit from this mispricing. Securities held in the Underlying Fund will generally be listed (or expected to list within 6 months of first acquiring the security) on a global stock exchange.

The financial statements of the Fund are for the year ended June 30, 2023. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors of the Responsible Entity (the "Directors of the Responsible Entity") on September 25, 2023. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies 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 ("AASB") and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

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 financial liabilities at fair value through profit or loss 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 twelve months, however, an estimate of that amount cannot be determined as at year end.

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

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *(ii) New and amended standards adopted by the Fund*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the year beginning July 1, 2022 that have a material impact on the amounts recognised in the current or future periods.

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

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

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments**

#### *(i) Classification*

- Financial assets:

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the 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.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

The financial assets measured at amortised cost are subject to the expected credit loss ("ECL") impairment model under AASB 9.

- Financial liabilities:

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 (Management fees payable, performance fees payable, administration and custody fees payable, distributions payable, recoverable fees payable and other payables).

#### *(ii) Recognition and 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 fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

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

#### *(iii) Measurement*

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial 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 within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Further details on how the fair value of financial instruments are determined are disclosed in Note 4.

#### *(iv) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is 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.

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.

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### *(v) Impairment*

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime ECL 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 ECL. 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 loss allowance may be required. 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.

### **(c) Net assets attributable to unitholders**

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price.

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.

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 unfavourable 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 Fund's units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the year.

### **(d) Cash and cash equivalents**

Cash comprises deposits held at custodian bank. Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Bank overdrafts are classified as liabilities in 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 movements in the fair value of these securities represent the Fund's main income generating activity.

### **(e) Investment income**

Interest income from financial assets at amortised cost is recognised on an accrual basis using the effective interest method and includes interest from cash and cash equivalents. 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 income 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.

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.

Dividend and distribution income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of comprehensive income.

Changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements. Other income is recognised on an accrual basis.

## **2 Summary of significant accounting policies (continued)**

### **(f) Expenses**

All expenses, including management fees and recoverable fees, are recognised in the Statement of comprehensive income on an accrual basis.

As at September 18, 2020, expenses in excess of the cap were borne by the Investment Manager (backdated from May 18, 2020) and continued as at June 30, 2023.

### **(g) 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.

### **(h) Distributions**

Distributions are payable as set out in the Fund's offering document. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

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

### **(i) Increase/decrease in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Where the Fund's units are classified as equities, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

### **(j) Receivables**

Receivables may include amounts for dividends and trust distributions. Interest is accrued at each dealing date in accordance with policy set out in Note 2(e) above. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as Reduced Input Tax Credit ("RITC") and application monies receivable from unitholders.

Receivables are recognised at amortised cost using the effective interest method, less any allowance for expected credit losses. To measure the expected credit losses, receivables have been grouped based on days overdue.

The amount of the impairment loss, if any, 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.

### **(k) Payables**

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

Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the Statement of financial position.

### **(l) Applications and redemptions**

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

## **2 Summary of significant accounting policies (continued)**

### **(m) 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, custodian services and management fees have been passed onto the Fund. The Fund qualifies for RITC at a rate of at least 55% or 75%, hence Management fees, Administration and custody 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.

### **(n) Use of estimates**

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For certain other balances reported on Statement of financial position, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

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

### **(o) 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 financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with the *ASIC Corporations Instrument*, unless otherwise indicated.

### **(p) Comparative revisions**

Comparative information has been revised where appropriate to enhance comparability. Where necessary comparative figures have been adjusted to conform with changes in presentation in the current period.

## **3 Financial risk management**

### **(a) Overview**

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Fund; and
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

### **(b) Market risk**

Market risk is the risk that changes in market risk factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.



**3 Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Price risk*

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

Between 80% and 100% of the net assets attributable to unitholders are invested in Australian unlisted unit trusts with the residual in cash, hence, the Fund is exposed to indirect price risk from market movements that may result in changes in the Fund's investments. The Investment Manager aims to mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits. The Australian shares (being primarily smaller companies) are listed on the Australian Securities Exchange. The Fund has not invested in any derivatives during the financial year (2022: nil).

The Fund invests into the Totus Alpha Fund (Underlying Fund) and obtains its market exposure through the units held in the Underlying Fund. The Underlying Fund owns equity and currency instruments directly (Underlying Investments). These Underlying Investments are subject to valuation and market risks as set out in the PDS.

The Fund manages market price risk by establishing limits as to the types and degrees of risk that may be undertaken. Additionally, the Fund monitors the fluctuation in its value and compares these fluctuations to its risk objective.

As at year end, the overall market exposures were as follows:

	<b>Fair value \$'000</b>	<b>% of net asset attributable to unitholders</b>
<b>As at June 30, 2023</b>		
<b>Financial assets at fair value through profit or loss</b>		
Unlisted unit trust	58,036	100%
Total financial assets at fair value through profit or loss	58,036	100%
As at June 30, 2022	Fair value \$'000	% of net asset attributable to unitholders
<b>Financial assets at fair value through profit or loss</b>		
Unlisted unit trust	3,303	97%
Total financial assets at fair value through profit or loss	3,303	97%

The table in Note 3(c) summarises the impact of an increase/decrease of underlying investment prices on the Fund's operating profit and net assets attributable to unitholders. The analysis is based on the assumption that the underlying investment prices changed by +/- 10% (2022: +/-10%) from the year end prices with all other variables held constant.

*(ii) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Fund to interest rate risk.

The Fund is a feeder fund and invests in an unlisted unit trust which is a non-interest bearing investment. Hence, the Fund is not exposed to significant interest rate risk. The impact of interest rate risk on net assets attributable to unitholder and operating profit is considered immaterial to the Fund.

**3 Financial risk management (continued)**

**(c) Summarised sensitivity analysis**

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to market risks. 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 foreign exchange rates, interest rates and the 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 unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	<b>Impact on operating profit/ (loss)/assets attributable to unitholders</b>	
	<b>Price risk</b>	
	<b>-10% \$'000</b>	<b>+10% \$'000</b>
<b>As at June 30, 2023</b>	<b>(5,804)</b>	<b>5,804</b>
As at June 30, 2022	(330)	330

**(d) Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The maximum exposure to credit risk at the end of the reporting year is the carrying amount of the financial assets.

*(i) Bank deposits and assets held with the custodian*

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, and assets held with the custodian.

The custody balance with Apex Fund Services includes cash and cash equivalents of \$237,069 (2022: \$48,044) and investments in equities totalling \$58,036,272 (2022: \$3,302,855).

The Fund minimises counterparty credit risk through credit limits and approvals, credit monitoring procedures, executing master netting arrangements and managing margin and collateral requirements, as appropriate.

The Fund also limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Investment Manager considers to be well established.

**(e) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due and can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units in the Fund.

The Fund invests in the Underlying Fund and cash with the allocation to the Underlying Fund typically being 80-100% and the remainder in cash. The Underlying Fund invests predominantly in liquid assets.

The Fund is exposed to indirect credit risk via its investment in the Underlying Fund, which can be redeemed daily.

The Investment Manager regularly monitors the liquidity characteristics of the Fund and the Underlying Fund and the assets in which they invest, to seek to ensure the Fund and the Underlying Fund remains within permitted investment parameters.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemptions during 2023 and 2022.

### 3 Financial risk management (continued)

#### (e) Liquidity risk (continued)

The table below analyses the Fund's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>As at June 30, 2023</b>	<b>Less than 1 month \$'000</b>	<b>1-6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>Over 12 months \$'000</b>	<b>No stated maturity \$'000</b>
Redemptions payable	16	-	-	-	-
Management fees payable	79	-	-	-	-
Performance fees payable	-	-	-	-	-
Recoverable fee payable	-	-	-	-	-
Distributions payable	-	-	-	-	-
Other payables	4	-	-	-	-
Net assets attributable to unitholders - equity	<b>58,254</b>	-	-	-	-
<b>Total financial liabilities</b>	<b>58,353</b>	-	-	-	-

<b>As at June 30, 2022</b>	<b>Less than 1 month \$'000</b>	<b>1-6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>Over 12 months \$'000</b>	<b>No stated maturity \$'000</b>
Management fees payable	6	-	-	-	-
Performance fees payable	56	-	-	-	-
Recoverable fee payable	1	-	-	-	-
Distributions payable	905	-	-	-	-
Other payables	3	-	-	-	-
Net assets attributable to unitholders - equity	<b>3,390</b>	-	-	-	-
<b>Total financial liabilities</b>	<b>4,361</b>	-	-	-	-

### 4 Fair value measurement

The Fund measures and recognises the financial assets and liabilities at fair value on a recurring basis.

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

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting year.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

#### (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 year 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.

The quoted market price used to fair value financial assets and financial liabilities held by the Fund is the last-traded prices.

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.

**4 Fair value measurement (continued)**

*(ii) Valuation techniques used to derive level 2 and level 3 fair value*

The fair value of financial assets and liabilities that are not exchange-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. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and managed funds with suspended applications and withdrawals.

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 year 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 year. 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 other managed funds are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the redemption value based on considerations such as liquidity of the unit trust or its underlying investments, or any restrictions on redemptions and the basis of accounting.

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.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The determination of what constitutes 'observable' requires significant judgment by management. Management consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

**Recognised fair value measurements**

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at June 30, 2023 and June 30, 2022.

<b>As at June 30, 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Unlisted unit trust	-	58,036	-	58,036
<b>Total</b>	-	58,036	-	58,036
<b>As at June 30, 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Unlisted unit trust	-	3,303	-	3,303
<b>Total</b>	-	3,303	-	3,303

*(i) Transfers between levels*

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

There were no transfers between the levels in the fair value hierarchy for the year ended June 30, 2023.

*(ii) Fair value measurements using significant unobservable inputs (level 3)*

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended June 30, 2023.

#### 4 Fair value measurement (continued)

##### Recognised fair value measurements

(iii) Valuation processes

Unlisted unit trusts is valued at the available price as provided by the unit registry for the valuation date.

(iv) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

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

	Year ended	
	June 30, 2023 \$'000	June 30, 2022 \$'000
<b>Financial assets</b>		
Net realised gains/(losses) on financial assets at fair value through profit or loss	(274)	82
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	(219)	(344)
<b>Net gains/(losses) on financial assets at fair value through profit or loss</b>	<b>(493)</b>	<b>(262)</b>

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

	As at	
	June 30, 2023 \$'000	June 30, 2022 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Unlisted unit trust	<b>58,036</b>	3,303
<b>Total financial assets at fair value through profit or loss</b>	<b>58,036</b>	3,303

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

#### 7 Net assets attributable to unitholders

Under AASB 132 Financial instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund has elected into the Attribution Managed Investment Trust ("AMIT") tax regime and consequently the Fund's Constitution has been amended. The Fund does not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

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

	As at June 30, 2023		As at June 30, 2022	
	Units '000	\$'000	Units '000	\$'000
Opening balance	3,991	3,390	1,721	1,543
Applications	93,623	75,669	2,448	2,359
Redemptions	(24,945)	(19,783)	(286)	(259)
Reinvestment of distributions	414	352	108	97
Profit/(loss) for the year	-	(1,374)	-	555
Distribution paid and payable	-	-	-	(905)
<b>Closing balance</b>	<b>73,083</b>	<b>58,254</b>	3,991	3,390

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.

Units are redeemed 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 twelve months after the end of the reporting year cannot be reliably determined.

**7 Net assets attributable to unitholders (continued)**

**Capital risk management**

The Fund classifies its net assets attributable to unitholders as equity. 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.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

**8 Distributions to unitholders**

Distributions are payable at the end of each financial period. Such distributions are determined by reference to the net taxable income of the Fund.

The distributions for the year were as follows:

	<b>As at June 30, 2023</b>		<b>As at June 30, 2022</b>	
	<b>\$'000</b>	<b>CPU*</b>	<b>\$'000</b>	<b>CPU*</b>
Distributions payable	-	-	905	22.6655

\* Distribution is expressed as cents per unit amount in Australian Dollar.

**9 Cash and cash equivalents**

	<b>As at</b>	
	<b>June 30, 2023 \$'000</b>	<b>June 30, 2022 \$'000</b>
Cash at bank	<b>237</b>	48
<b>Total cash and cash equivalents</b>	<b>237</b>	<b>48</b>

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

**(a) Reconciliation of profit to net cash outflow from operating activities**

	<b>Year ended</b>	
	<b>June 30, 2023 \$'000</b>	<b>June 30, 2022 \$'000</b>
<b>Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Operating profit/(loss)	(1,374)	555
Proceeds from sale of financial instruments at fair value through profit or loss	12,368	553
Payments for purchase of financial instruments at fair value through profit or loss	(67,594)	(2,241)
Net (gains)/losses on financial instruments at fair value through profit or loss	493	262
Net change in receivables	959	(1,003)
Net change in payables	17	55
<b>Net cash outflow from operating activities</b>	<b>(55,131)</b>	<b>(1,819)</b>

As described in Note 2(i), income not distributed is included in net assets attributable to unitholders.

**(b) Non-cash operating and financing activities**

During the year, the following distribution payments satisfied by the issue of units under the distribution reinvestment plan	<b>352</b>	97
<b>Total non-cash financing activities</b>	<b>352</b>	<b>97</b>

## 11 Remuneration of auditors

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

	<b>Year ended</b>	
	<b>June 30,</b>	<b>June 30,</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Ernst &amp; Young (Australia)</b>		
<b>Audit and other assurance services</b>		
Audit and review of financial statements	17,200	16,000
Total remuneration for audit and other assurance services	17,200	16,000
<b>Taxation services</b>		
Taxation services	9,850	11,700
Total remuneration for taxation services	9,850	11,700
<b>Total remuneration of Ernst &amp; Young (Australia)</b>	<b>27,050</b>	<b>27,700</b>
<b>PricewaterhouseCoopers (Australia)</b>		
<b>Audit and other assurance services</b>		
Audit of compliance plan	2,833	2,648
Total remuneration for audit and other assurance services	2,833	2,648
<b>Total remuneration of PricewaterhouseCoopers (Australia)</b>	<b>2,833</b>	<b>2,648</b>
<b>Total auditors' remuneration</b>	<b>29,883</b>	<b>30,348</b>

The auditors' remuneration is borne by the Fund and this expense is reimbursed by the Investment Manager up to the expense cap. Fees are stated exclusive of GST.

## 12 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

### Responsible Entity

The Responsible Entity of Totus Alpha Long Short Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150). The Investment Manager of the Fund is Totus Alpha Management Pty Limited.

### Key management personnel

#### (a) Directors

Key management personnel includes persons who were Directors of the Responsible Entity at any time during the financial year as follows:

#### Director

Christopher Green	Appointed as Director on January 23, 2023
Glenn Foster	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Simone Mosse	Resigned as Director on January 23, 2023

**12 Related party transactions (continued)**

**(b) Other key management personnel**

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

**Key management personnel unit holdings**

During or since the end of the year, none of the Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Fund at the end of the year.

**Key management personnel compensation**

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the 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 year.

**Other transactions within the Fund**

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

**Responsible Entity's/Investment Manager's fees and other transactions**

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a fee per annum of the gross asset value of the Fund. The Investment Manager is entitled to receive a management fee at the rate stipulated in the Fund's governing documents.

Ordinary expenses may include expenses properly incurred in provision of the administration, custody, compliance and promotion of the Fund. There are other expenses including tax and operating costs, such as audit, legal and tax consulting fees.

The Investment Manager is also entitled to a performance fee of 20.5% (inclusive of GST less RITC) of the return of the Fund that is in excess of the Benchmark return (being the Reserve Bank of Australia's cash rate), subject to the high-water mark.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	<b>Year ended</b>	
	<b>June 30,</b>	<b>June 30,</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Expense reimbursement income for the year	<b>(145,676)</b>	(100,499)
Management fees paid for the year	<b>805,574</b>	44,496
Performance fees	<b>82</b>	136,771
Responsible Entity's fees	<b>60,040</b>	-
Recoverable fees for the year	<b>(1,182)</b>	913
Receivable from Investment Manager	-	-
Management fees payable at year end	<b>78,895</b>	6,122
Performance fees payable at year end	-	55,563
Recoverable fees payable at year end	-	1,182
Aggregate amounts payable to the Investment Manager as at reporting date	<b>78,895</b>	62,867



**12 Related party transactions (continued)**

**Related party unitholdings**

Parties related to the Fund (including The Trust Company (RE Services) Limited, its related parties and other schemes managed by The Trust Company (RE Services) Limited, hold no units in the Fund.

**Investments**

The Fund held investments in the following fund which is also managed by Totus Alpha Management Pty Limited or its related parties during the year.

	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Units acquired during the year \$	Units disposed during the year	Distributions received/ receivable
<b>As at June 30, 2023</b>							
<b>Totus Alpha Fund</b>	3,192,399	59,154,288	58,036,272	31.56%	68,738,090	12,776,201	16,701
<b>As at June 30, 2022</b>							
Totus Alpha Fund	1,775,561	3,192,399	3,302,855	3.32%	1,918,088	501,250	1,005,530

**13 Significant events during the year**

On January 23, 2023, Simone Mosse resigned as Director and Christopher Green was appointed as Director.

There were no other significant changes in the state of affairs of the Fund that occurred during the year.

**14 Events occurring after year end**

The Directors are not aware of any event or circumstance since the end of the financial period not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

**15 Contingent assets and liabilities and commitments**

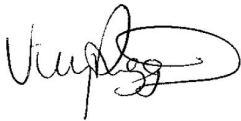
There are no outstanding contingent assets, liabilities or commitments as at June 30, 2023 and June 30, 2022.

**Directors' declaration**

In the opinion of the Directors of the Responsible Entity:

- a the financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001*, including:
  - i complying with Australian Accounting Standards, 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 June 30, 2023 and of its performance, for the financial year ended on that date.
- b there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- c Note 2(a)(i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director  
The Trust Company (RE Services) Limited

Sydney  
25 September, 2023



**Building a better  
working world**

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## **Independent auditor's report to the unitholders of Totus Alpha Long Short Fund**

### **Opinion**

We have audited the financial report of Totus Alpha Long Short Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in 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 directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### **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 auditor independence requirements of 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 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.

### **Information other than the financial report and auditor's report thereon**

The directors of the Responsible Entity are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors of the Responsible Entity for the financial report**

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is

necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are 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 directors of the Responsible Entity either intend 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.

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 of the Responsible Entity.
- ▶ Conclude on the appropriateness of the directors of the Responsible Entity of the Fund's 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.



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We communicate with the directors of the Responsible Entity 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*

Ernst & Young

*Rohit Khanna*

Rohit Khanna  
Partner  
Sydney  
25 September 2023