

WALSH BAY
PARTNERS

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

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WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

FUND PARTICULARS

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

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Year ended 30 June 2024 \$	Period from 22 July 2022 to 30 June 2023 \$
INVESTMENT INCOME			
Distribution income		185,506	25,311
Net gains on financial instruments at fair value through profit or loss		353,352	18,617
Other income		42,096	21,815
TOTAL NET INVESTMENT INCOME		580,954	65,743
EXPENSES			
Management fees	12	(115,187)	(60,412)
Administration fees		(30,309)	(28,639)
Professional fees	4	(28,793)	(27,181)
Operating expenses	5	(16,403)	(16,528)
TOTAL OPERATING EXPENSES		(190,692)	(132,760)
Distributions to unitholders		-	-
TOTAL NET PROFIT/(LOSS) FOR THE YEAR		390,262	(67,017)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		390,262	(67,017)

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

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Notes	Year ended 30 June 2024 \$	Period ended 30 June 2023 \$
ASSETS			
Cash	6	1,543,938	1,012,288
Receivables and prepayments	7	99,685	17,633
Investment in advance	8	400,000	-
Financial assets at fair value through profit or loss	9	11,063,505	8,318,617
TOTAL ASSETS		13,107,128	9,348,538
LIABILITIES			
Payables	11	61,236	60,367
Subscriptions received in advance	10	715,000	200,000
TOTAL LIABILITIES (excluding net assets attributable to unitholders)		776,236	260,367
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	13	12,330,892	9,088,171
TOTAL LIABILITIES		13,107,128	9,348,538

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

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 30 JUNE 2024

(Net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or the end of the year)

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	Year ended 30 June 2024 \$	Period from 22 July 2022 to 30 June 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		38,935	18,347
Dividend received		106,615	11,146
Investment in advance		(400,000)	-
Management fees paid		(106,391)	(44,423)
Administration fees paid		(34,395)	(18,712)
Professional fees paid		(38,895)	(12,265)
Other operating expenses paid		(10,142)	3,007
Payments for purchase of financial instruments at fair value through profit or loss		(2,391,536)	(8,300,000)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		<u>(2,835,809)</u>	<u>(8,342,900)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from applications by unitholders		3,367,459	9,355,188
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>3,367,459</u>	<u>9,355,188</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		531,650	1,012,288
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR		<u>1,012,288</u>	-
CASH AND CASH EQUIVALENT AT END OF THE YEAR	6	<u>1,543,938</u>	<u>1,012,288</u>

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

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2024

NOTE 1. GENERAL INFORMATION

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

These financial statements cover the Walsh Bay Partners Diversifying Alternatives Fund as an individual entity. The financial statements are for the year ended 30 June 2024. The fund is an open-ended fund.

The Fund is an unregistered Australian managed investment scheme in the form of unit trust. The Responsible Entity of the Fund is Evolution Trustees Limited (ACN 611 839 519, AFS 486217). The principal place of business of the Fund is Suite 17b, L.17, 1 Market Street, Sydney NSW 2000. The Responsible Entity's registered office is Level 15, 68 Pitt Street, Sydney NSW 2000.

The financial statements were authorised for issue by the directors of the Trustee on 8 November 2024.

NOTE 2. STATEMENT OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB). The Fund is a for-profit entity for the purpose of preparing the financial statements.

These general purpose financial statements have been prepared in compliance with the recognition and measurement requirements of the Australian Accounting Standards, the presentation requirements in those Australian Accounting Standards as modified by AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities ("AASB 1060"), and the disclosure requirements of AASB 1060.

The statement of financial position presented on liquidity basis. Assets and liabilities are presented in decreased order of liquidity and do not distinguish between current and non-current. All balances are exposed to be recovered or settle within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The focus on complex alternative assets means that liquidity in the Fund will be limited. Investment should only be considered by Investors with a long-term investment horizon, without a need for quick or easy liquidity. A portion of the Fund's assets will be invested in closed ended vehicles which will liquidate over their term or in investments that have infrequent liquidation periods such as hard locks.

The Fund manages financial assets at fair value through profit or loss based economic circumstances at any given point at time, as well as to meet any liquidity requirements. There are no plans to liquidate investments in the next 12 months. The focus on complex alternative assets means that liquidity in the Fund will be limited.

Units are not redeemable 'on demand' - Investors can apply to redeem some or all of their units at any time on or after the 3-year anniversary of them acquiring those units. Once submitted, redemption requests cannot be withdrawn. Reinvested distributions represent new units at the time of reinvestment. Assessment of opportunities to provide liquidity will be conducted on a quarterly basis, in line with the frequency of unit pricing. All valid unfulfilled redemption requests received in a quarter and that have not been rejected, will be considered for redemption in the next quarter.

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

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024

NOTE 2. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of Accounting (continued)

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

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

(b) Income Tax

The Fund is intended to be treated as a flow-through entity for Australian tax purposes.

The Fund may make an irrevocable election to be an Attribution Managed Investment Trust (AMIT) if it is eligible to do so. Under the AMIT regime, the Fund must attribute income (including any capital gains) to investors on a fair and reasonable basis for each relevant financial period.

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders. The benefits of any imputation credits and foreign tax paid are passed on to unitholders.

Tax losses incurred by the Fund cannot be distributed to investors. They remain in the Fund and may be applied to reduce the Fund's taxable income in future years, subject to the trust loss testing rules.

Subject to satisfying certain eligibility requirements, the Fund may make the Managed Investment Trust ('MIT') capital account election if it is advantageous for investors and the Fund to do so. The irrevocable election permits qualifying MITs to adopt capital account treatment for certain types of assets (including equities and units in other trusts) for income years to which the election applies. The CGT discount will be available for qualifying assets where they have been held by the Fund for at least 12 months.

(c) Financial Assets and Liabilities

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

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

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

Financial assets

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

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

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

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

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

NOTE 2. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial Assets and Liabilities (continued)

Financial assets (continued)

- c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- d) Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

The Fund includes in this category:

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

Financial liabilities

Financial liabilities measured at amortised cost

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

(d) Offsetting financial instruments

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

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

(e) Revenue

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

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

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

Other income is recognised as it is earned.

(f) Net assets attributable to unitholders

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

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

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

NOTE 2. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

(i) Cash and Cash Equivalents

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

(j) Distribution to unitholders

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

(k) Payables

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

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

(l) Subscriptions received in advance

Applications for subscriptions in the Fund received prior to 30 June 2024 are treated as received in advance until units are issued by the Fund.

(m) Receivables

Receivables may include amounts for dividends, interest, RITC receivable and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

NOTE 2. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(m) Receivables (continued)

Amounts are generally received within 30 days of being recorded as receivables. Given the short term nature of receivables, the nominal amount approximates fair value.

(n) Investment in advance

Investments made by the Fund are treated as made in advance where the underlying investment manager has yet to issue a unit confirmation statement.

(o) Applications and Redemptions

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

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

(p) Going Concern

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

(q) New and amended standards and interpretations

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(r) New standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted

- AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 was issued in June 2024 and replaces AASB 101 Presentation of Financial Statements. The new standard introduces new requirements for the statement of comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Fund for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the statement of comprehensive income and statement of financial position line items are presented as well as some additional disclosures in the notes to the financial statements. The Directors of the Trustee are in the process of assessing the impact of the new standard.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

	For the year ended 30 June 2024	For the period ended 30 June 2023
	\$	\$
NOTE 4. PROFESSIONAL FEES		
Tax preparation fee expense	4,588	4,129
Tax advisory fee expense		
Ernst & Young	8,229	7,837
Audit services		
Ernst & Young	15,976	15,215
	<u>28,793</u>	<u>27,181</u>

	For the year ended 30 June 2024	For the period ended 30 June 2023
	\$	\$
NOTE 5. OPERATING EXPENSES		
Set up cost expense	6,520	6,114
Accounting fee	3,782	3,690
FATCA service fee expense	3,213	3,658
Transfer agent fee expense	2,496	2,158
Registration fee expense	-	434
Bank charges	374	391
Other expense	18	83
	<u>16,403</u>	<u>16,528</u>

	As at 30 June 2024	As at 30 June 2023
	\$	\$
NOTE 6. CASH		
Cash at bank	1,543,938	1,012,288
	<u>1,543,938</u>	<u>1,012,288</u>

Risk exposure

The maximum exposure to credit risk in relation to cash at the end of the reporting year is the carrying amount of cash at bank.

	As at 30 June 2024	As at 30 June 2023
	\$	\$
NOTE 7. RECEIVABLES AND PREPAYMENTS		
Distributions receivable	93,056	14,165
RITC receivable	6,629	3,468
	<u>99,685</u>	<u>17,633</u>

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

NOTE 8. INVESTMENT IN ADVANCE

Investment in advance pertains to funds invested of \$400,000 (2023: \$Nil) by the Fund prior to 30 June 2024 where the underlying investment manager has not issued units by that date. Units have been subsequently issued as at 1 July 2024.

	As at 30 June 2024	As at 30 June 2023
	\$	\$

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

Mutual Funds	11,063,505	8,318,617
	11,063,505	8,318,617

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

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

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

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

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

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

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

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

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

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

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

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

30 June 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	AUD	AUD	AUD	AUD
Financial assets at FVTPL				
Mutual Funds	-	9,664,379	1,399,126	11,063,505
Total financial assets at FVTPL	-	9,664,379	1,399,126	11,063,505

30 June 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	AUD	AUD	AUD	AUD
Financial assets at FVTPL				
Mutual Funds	-	7,768,307	550,310	8,318,617
Total financial assets at FVTPL	-	7,768,307	550,310	8,318,617

NOTE 10. SUBSCRIPTION RECEIVED IN ADVANCE

Applications received in advance pertains to applications for units in the Fund that were paid directly by subscribers to the Fund. The units of the Fund related to these applications amounting to \$715,000 (2023: \$200,000) were not issued to the unitholders as at 30 June 2024.

	As at 30 June 2024	As at 30 June 2023
	\$	\$
NOTE 11. PAYABLES		
Management fees payable	24,785	15,989
Audit fees payable	4,814	14,916
Administration fees payable	5,841	9,927
Tax advisory fees payable	16,913	8,250
Set up costs payable	6,561	6,560
Tax preparation fees payable	693	1,705
Accounting fee payable	693	1,320
FATCA services fee payable	578	1,100
Transfer agent fees	358	600
	61,236	60,367

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

NOTE 12. RELATED PARTY DISCLOSURES

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

Management fee

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

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

The Management fee charged for the year ended 30 June 2024 was \$115,187 (2023: \$60,412) of which \$24,785 was payable as of 30 June 2024 (2023: \$15,989).

Access fee

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

As at 30 June 2024 Access Fees of \$7,150 (2023: \$2,000) were payable to the Investment Manager and the charge for the year was \$28,820 (2023: \$94,500)

Reimbursements to Manager

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

As at 30 June 2024 \$6,360 (2023: \$6,360) was payable to the Investment Manager and the charge for the year was \$6,360 (2023: \$6,360).

Related party unitholdings

Parties related to the Fund (including Walsh Bay Partners Pty Ltd), its related parties and other schemes managed by Walsh Bay Partners Pty Ltd and Investment Manager, held no units in the Fund as at 30 June 2024.

Key Management Personnel

Directors

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

Arun Abey	Director
Kristin Edmonds	Director
John Edstein	Director

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

30 June 2024		
Name of Related	Nature of relationship	Number of units issued
Arun Abey	Director in Walsh Bay Partners Pty Ltd	592,507.70
John Edstein	Director in Walsh Bay Partners Pty Ltd	1,494,408.13
30 June 2023		
Arun Abey	Director in Walsh Bay Partners Pty Ltd	592,507.70
John Edstein	Director in Walsh Bay Partners Pty Ltd	1,494,408.13

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR YEAR ENDED 30 JUNE 2024**

NOTE 13. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As the Trust Deed allows for issuance of units that have non-identical features, the Fund's net asset attributable to unitholders cannot be classified as equity, and therefore, are classified as a liability in accordance with AASB 132.

UNITS IN THE FUND

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

Initial Units

On establishment of the Fund, the initial subscription price per unit was AU\$1

Subsequent Units

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

$$\frac{\text{Net Asset Value} + \text{Transaction Costs}}{\text{Number of Units in Issue}}$$

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

Movements in number of units and unitholders' funds during the financial year 30 June 2024 were as follows:

	No of units	\$
Balance at 22 July 2022	-	-
Applications	9,151,104	9,155,188
Net decrease in net assets attributable to unitholders	-	(67,017)
Balance at 30 June 2023	9,151,104	9,088,171
Applications	2,800,850	2,852,459
Net increase in net assets attributable to unitholders	-	390,262
Balance at 30 June 2024	11,951,954	12,330,892

CAPITAL MANAGEMENT

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

NOTE 14. SIGNIFICANT EVENTS

There were no significant events occurs during the year ended 30 June 2024 and 30 June 2023.

NOTE 15. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

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

NOTE 16. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments as at Statement of Financial Position date.

WALSH BAY PARTNERS DIVERSIFYING ALTERNATIVES FUND

DIRECTORS' DECLARATION OF THE TRUSTEE

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

1. The Fund is not a reporting entity and that this financial report has been prepared in accordance with the Australian Accounting Standards – Simplified Disclosure Requirements
2. the financial statements and notes, as set out on pages 3 to 16, present fairly the Fund's financial position as at 30 June 2024 and its performance for the year ended on the date in accordance with accounting policies described in Note 2 of the financial statements; and
3. in the directors' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Trustee



Ben Norman

Director

Dated: 8 November 2024



**Building a better
working world**

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

Opinion

We have audited the financial report of Walsh Bay Partners Diversifying Alternatives Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the period ended 30 June 2024, notes to the financial statements, including a summary of significant accounting policies, and the Trustee's declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as of 30 June 2024, and its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards - Simplified Disclosures.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Trustee for the financial report

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

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

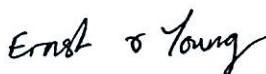
Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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



Ernst & Young
Sydney
8 November 2024