

**Auscap High Conviction Australian Equities  
Fund (formerly known as "Auscap Long Short  
Australian Equities Fund")**

ARSN 615 542 213

**Annual Report**

**For the year ended 30 June 2025**

# Auscap High Conviction Australian Equities Fund

ARSN 615 542 213

## Annual Report For the year ended 30 June 2025

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This Annual Report covers Auscap High Conviction Australian Equities Fund as an individual entity.

The Responsible Entity of Auscap High Conviction Australian Equities Fund is Auscap Asset Management Limited (ABN 11 158 929 143) (AFSL 428014). The Responsible Entity's registered office and place of business is:

Level 30, 9 Castlereagh Street  
Sydney, NSW 2000

**Auscap High Conviction Australian Equities Fund**  
**Directors' Report**  
**For the year ended 30 June 2025**

**Directors' Report**

The Directors of Auscap Asset Management Limited, the Responsible Entity of Auscap High Conviction Australian Equities Fund (the "Fund"), present their report together with the financial statements of the Fund, for the year ended 30 June 2025.

**Principal activities**

The principal activity of the Fund is to invest in fundamental, value driven opportunities, primarily in listed Australian equities. The Fund may also invest in other asset classes in accordance with the provisions of the Fund's Constitution and Product Disclosure Statement (PDS).

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.

The various service providers of the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity and Investment Manager Custodian	Auscap Asset Management Limited Apex Fund Services Pty Ltd*
Administrator and Registrar	MUFG Corporate Markets FS Pty Ltd formerly known as Link Fund Solutions Pty Limited
Statutory Auditor	Ernst & Young

\*Effective 1 December 2024, Apex Fund Services Pty Ltd was appointed as the Fund's new master custodian replacing Citigroup Global Markets Limited who was the previous Prime Broker and Custodian.

**Directors**

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

Timothy James Carleton  
Steven Ivak  
Phillip James Carleton

**Review and results of operations**

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

	<b>Year ended</b>	
	<b>30 June 2025 \$'000</b>	<b>30 June 2024 \$'000</b>
Operating profit/(loss) before finance costs attributable to unitholders	<b>40,941</b>	46,951
<i>Distributions</i>		
Distributions payable	<b>12,793</b>	3,837

In accordance with the Fund's Constitution, management fees of \$5,282,000 (2024: \$4,599,000) and performance fees of \$Nil (2024: \$352,000) inclusive of non-claimable GST, were charged by the Investment Manager, Auscap Asset Management Limited to the Fund.

**Significant changes in the state of affairs**

The name of the Auscap High Conviction Australian Equities Fund changed from the Auscap Long Short Australian Equities Fund on 1 December 2024.

The Fund's PDS was updated on 1 December 2024 to:

- address the name change;
- reflect the removal of short selling and leverage from the Fund's investment mandate, with the Fund now a 'long only' product;
- incorporate changes to the PDS that had been made available by way of a "PDS Update" on Auscap Asset Management Limited's website, pursuant to ASIC Corporations (Updated Product Disclosure Statements) Instrument 2016/1055; and
- reflect other relevant updates from a PDS structure and content perspective.

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

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

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may have a significant effect on:

- (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 PDS and the provisions of the Fund's Constitution.

**Indemnification and insurance of officers**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Auscap Asset Management Limited. Insurance premiums for such cover are paid by Auscap Asset Management Limited. So long as the officers of Auscap Asset Management Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

**Indemnification of auditor**

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

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

The corresponding fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 13 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity and its associates as at the end of the financial year are disclosed in Note 13 to the financial statements.

**Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 6 to 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 to 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 *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 that *ASIC Corporations Instrument*, unless otherwise indicated.

**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 Auscap Asset Management Limited.



Timothy James Carleton  
Director

Sydney  
4 September 2025



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**Shape the future  
with confidence**

## Auditor's independence declaration to the directors of Auscap Asset Management Limited as Responsible Entity for Auscap High Conviction Australian Equities Fund

As lead auditor for the audit of the financial report of Auscap High Conviction Australian Equities Fund for the financial year ended 30 June 2025, 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, except for the following: In June 2025 it was identified that a partner in the EY Sydney office held financial interests in the Fund. The partner did not provide any services to the Fund, or its affiliates, and was not part of the audit engagement team. The financial interests were then promptly disposed of.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Jonathan Hall' in a cursive script.

Jonathan Hall  
Partner  
4 September 2025

**Auscap High Conviction Australian Equities Fund**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2025**

**Statement of Comprehensive Income**

		Year ended	
		30 June 2025	30 June 2024
	Notes	\$'000	\$'000
<b>Investment income</b>			
Interest income from financial assets at amortised cost		678	550
Dividend income		6,760	8,207
Unit trust distributions		3,461	836
Net gains/(losses) on financial instruments at fair value through profit or loss		36,153	43,131
<b>Total investment income/(loss)</b>		<u>47,052</u>	<u>52,724</u>
<b>Expenses</b>			
Management fees	13(f)	5,282	4,599
Performance fees	13(f)	-	352
Administration fees		257	231
Interest expense		1	-
Custody fees		9	-
Transaction costs		325	358
Professional fees		199	165
Other operating expenses		38	68
<b>Total operating expenses</b>		<u>6,111</u>	<u>5,773</u>
<b>Operating profit/(loss) before finance costs attributable to unitholders</b>		<u>40,941</u>	<u>46,951</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	7	(12,793)	(3,837)
(Increase)/decrease in net assets attributable to unitholders	6	(28,148)	(43,114)
<b>Profit/(loss) for the year</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>

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

**Auscap High Conviction Australian Equities Fund**  
**Statement of Financial Position**  
**As at 30 June 2025**

**Statement of Financial Position**

		<b>As at</b>	
	<b>Notes</b>	<b>30 June 2025 \$'000</b>	<b>30 June 2024 \$'000</b>
<b>Assets</b>			
Cash and cash equivalents	8	21,579	8,063
Receivables	10	2,119	1,183
Due from brokers - receivable for securities sold		940	964
Financial assets at fair value through profit or loss	5	346,071	323,602
<b>Total assets</b>		<b>370,709</b>	<b>333,812</b>
<b>Liabilities</b>			
Distributions payable	7	12,793	3,837
Payables	11	900	1,600
Due to brokers - payable for securities purchased		1,120	4,614
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>14,813</b>	<b>10,051</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>355,896</b>	<b>323,761</b>

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

**Auscap High Conviction Australian Equities Fund**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2025**

**Statement of Changes in Equity**

	<b>Year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at the beginning of the year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the year</b>	-	-

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.

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

**Auscap High Conviction Australian Equities Fund**  
**Statement of Cash Flows**  
**For the year ended 30 June 2025**

**Statement of Cash Flows**

	<b>Year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2025</b>	<b>2024</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments for purchase of financial assets at fair value through profit or loss	<b>(435,273)</b>	(285,265)
Proceeds from sale of financial assets at fair value through profit or loss	<b>445,484</b>	270,936
Payments for re-purchase of financial liabilities at fair value through profit or loss	<b>(819)</b>	(24,187)
Proceeds from short sale of financial liabilities at fair value through profit or loss	<b>821</b>	24,216
Dividends and distributions received	<b>9,312</b>	9,637
Interest income received from financial assets at amortised cost	<b>687</b>	560
Management fees paid	<b>(5,288)</b>	(4,559)
Performance fees received/(paid)	<b>26</b>	(373)
Transaction costs paid	<b>(326)</b>	(379)
Other operating expenses paid	<b>(550)</b>	(416)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>9(a) 14,074</b>	<b>(9,830)</b>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	<b>35,278</b>	28,872
Payments for redemptions by unitholders	<b>(34,010)</b>	(23,262)
Distributions paid to unitholders	<b>(1,826)</b>	(2,967)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(558)</b>	<b>2,643</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,516</b>	<b>(7,187)</b>
Cash and cash equivalents at the beginning of the year	<b>8,063</b>	15,250
<b>Cash and cash equivalents at the end of the year</b>	<b>8 21,579</b>	<b>8,063</b>
Non-cash financing activities	<b>9(b), 6(a) 2,011</b>	<b>3,487</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 the Auscap High Conviction Australian Equities Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 30 October 2012 and will terminate in accordance with the provisions of the Fund's Constitution.

The Responsible Entity and Investment Manager of the Fund is Auscap Asset Management Limited (the "Responsible Entity/Investment Manager") (ABN 11 158 929 143) (AFSL 428014). The Responsible Entity's registered office is Level 30, 9 Castlereagh Street, Sydney, NSW 2000. The financial statements are presented in the Australian currency unless otherwise stated.

The principal activity of the Fund is to invest in fundamental, value driven opportunities, primarily in listed Australian equities. The Fund may also invest in other asset classes in accordance with the provisions of the Fund's Constitution and Product Disclosure Statement (PDS).

The financial statements were authorised for issue by the Directors on the date the Directors' Declaration was signed. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2 Summary of material 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 do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unitholders.

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

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

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

The financial statements of the Fund also comply with IFRS 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 financial year beginning 1 July 2024 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

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

### **(a) Basis of preparation (continued)**

*(iii) New standards and interpretations not yet adopted*

AASB 18 Presentation and Disclosure in Financial Statements (application date 1 January 2027).

Other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 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.

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

*(i) Classification*

- Financial assets

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

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

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

For equity securities and listed property trusts, 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.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- 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 (due to brokers, distributions payable, management fees payable, applications received in advance, interest 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 the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

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

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

#### *(iii) Measurement*

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its 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 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 within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

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

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables and due from brokers are carried at amortised cost.

#### *(iv) Impairment*

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

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

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

#### *(v) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount 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.

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

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

### **(c) Derivative financial instruments**

All derivatives that do not qualify for hedge accounting and are classified as financial assets and liabilities at fair value through profit or loss, with any gains or losses arising from changes in fair value taken directly to Net gains/(losses) on financial instruments at fair value through profit or loss in the Statement of Comprehensive Income.

#### *(i) Options*

Option purchases allow for the holder to either purchase (based on call option) or sell (based on put option) the underlying asset at an agreed value either on or before the expiration of the option. An option seller takes the other side of transaction.

The Fund may buy and sell call and put options through listed exchanges.

#### *(ii) Futures*

Future contracts are agreements for the delayed delivery of securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified commodity, instrument or currency, at a specified price or yield. Gains or losses on futures are recorded based upon market fluctuations and are recorded as part of Net gains/(losses) on financial instruments at fair value through profit or loss in the Statement of Comprehensive Income.

The Fund may buy or sell futures for the purposes of portfolio management and managing investment risk.

### **(d) 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 are classified as financial liabilities.

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to unitholders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

As the units on issue comprise multiple classes of units with non-identical features, the Fund's net assets attributable to unitholders cannot be classified as equity; and therefore, have continued to be classified as a liability in accordance with *AASB 132 Financial Instruments: Presentation*.

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

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash held at broker, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings 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 trading of these securities represents the Fund's main income generating activity.

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

### **(f) Investment income**

#### *(i) Interest income*

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

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

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### *(ii) Dividends and distributions*

Dividend 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.

Trust distributions are recognised on an entitlement basis.

#### *(iii) Underwriting income*

Underwriting fees relates to sub underwriting commitment and such commitment fees are received once performance obligation is satisfied.

### **(g) Expenses**

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

### **(h) Income tax**

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

The Fund is not subject to income tax. The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded net of withholding taxes in the Statement of Comprehensive Income.

### **(i) Distributions**

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

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

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

### **(k) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by year end. Trades are recorded on trade date, and for equities normally settled within two business days.

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

### **(l) Receivables**

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as applications receivable and Reduced Input Tax Credits (RITC).

### **(m) Payables**

Payables include liabilities, accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distributions payable is recognised in the Statement of Financial Position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

Distributions declared effective 30 June in relation to unitholders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

### **(n) Applications and redemptions**

Unit application and redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue, adjusted for buy/sell spreads.

### **(o) Goods and Services Tax (GST)**

The GST incurred on the costs of various services provided to the Fund by third parties such as management fees, performance fees, legal fees and administration services where applicable have been passed on to the Fund. The Fund qualifies for RITC at a rate of at least 55%. Hence investment management fees, performance fees, legal fees and administration fees for these services and any other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts 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.

### **(p) Use of estimates and judgements**

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements 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 the majority of the Fund's financial instruments, quoted market prices are readily available.

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

### **(q) Rounding of amounts**

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

### **(r) 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 year.

## **3 Financial risk management**

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

### **3 Financial risk management (continued)**

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use exchange traded derivative financial instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions.

The investments of the Fund and associated risks are managed by Auscap Asset Management Limited ("Responsible Entity/Investment Manager"), under the Fund's Constitution and the PDS.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risks and ratings analysis for credit risk.

#### **(a) Market risk**

##### *(i) Price risk*

The Fund is exposed to price risk on equity securities listed on recognised securities exchanges. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

The value of the investments in the Fund's portfolio may decrease in response to the activities of an individual company or in response to general market, business or economic conditions. In such circumstances, investors are exposed to a decrease in the Fund's unit price.

The Responsible Entity/Investment Manager attempts to mitigate this price risk through disciplined investing and risk management. Risk management is a key focus and includes daily monitoring of risk via internal control systems using aggregate, sector and single name exposure and various other risk management tools, monitoring of hard risk limits and a quarterly review of risk management processes by the Investment Manager's board. The Responsible Entity/Investment Manager may or may not be successful in its attempt to mitigate price risk.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests move by +/- 10% (2024: +/- 10%).

##### *(ii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

In addition, changes in interest rates can have an indirect impact on the investment value and/or returns of many types of assets held by the Fund. As such, given the value of the Fund's investments may also be indirectly affected by the impact of interest rate changes, the sensitivity analysis within Note 3(b) may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

The table below summarises the Fund's exposure to interest rate risks at the end of the reporting period.

### 3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 30 June 2025	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	21,579	-	-	21,579
Receivables	-	-	2,119	2,119
Due from brokers - receivable for securities sold	-	-	940	940
Financial assets at fair value through profit or loss	-	-	346,071	346,071
<b>Total financial assets</b>	<b>21,579</b>	<b>-</b>	<b>349,130</b>	<b>370,709</b>
<b>Financial liabilities</b>				
Distributions payable	-	-	(12,793)	(12,793)
Payables	-	-	(900)	(900)
Due to brokers - payable for securities purchased	-	-	(1,120)	(1,120)
<b>Total financial liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>-</b>	<b>(14,813)</b>	<b>(14,813)</b>
<b>Net exposure</b>	<b>21,579</b>	<b>-</b>	<b>363,943</b>	<b>385,522</b>

### 3 Financial risk management (continued)

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

##### (ii) Interest rate risk (continued)

	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000	Total \$'000
As at 30 June 2024				
Financial assets				
Cash and cash equivalents	8,063	-	-	8,063
Receivables	-	-	1,183	1,183
Due from brokers - receivable for securities sold	-	-	964	964
Financial assets at fair value through profit or loss	-	-	323,602	323,602
<b>Total financial assets</b>	<b>8,063</b>	<b>-</b>	<b>325,749</b>	<b>333,812</b>
Financial liabilities				
Distributions payable	-	-	3,837	3,837
Payables	-	-	1,600	1,600
Due to brokers - payable for securities purchased	-	-	4,614	4,614
<b>Total financial liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>-</b>	<b>10,051</b>	<b>10,051</b>
<b>Net exposure</b>	<b>8,063</b>	<b>-</b>	<b>315,698</b>	<b>323,761</b>

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates in the Fund's operating profit/(loss) and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that interest rates change by +/- 100 basis points (2024: +/- 100 basis points) from the year end rates with all other variables held constant.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating loss 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 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.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis (continued)

	Impact on operating profit/(loss)/ Net assets attributable to unitholders			
	Price risk		Interest rate risk	
	+10%	-10%	+100bps	-100bps
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2025</b>	<b>34,607</b>	<b>(34,607)</b>	<b>216</b>	<b>(216)</b>
	Price risk		Interest rate risk	
	+10%	-10%	+100bps	-100bps
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024	32,360	(32,360)	81	(81)

#### (c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers' balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying of these balances as at the reporting date.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2025 and 30 June 2024, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of B (2024: A+) or higher and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

In addition, the Fund has credit risk via cash deposited with the Australian and New Zealand Banking Group Limited and Commonwealth Bank of Australia, which have an S&P rating of AA- (2024: AA-)

The table below summarises these assets being cash and cash equivalents and due from brokers as at 30 June 2025 and 30 June 2024:

	2025 \$'000	2024 \$'000
Apex Fund Services Pty Ltd	13,550	-
Citigroup Inc. and associated entities	-	8,033
Australian and New Zealand Banking Group Limited	206	994
Commonwealth Bank of Australia	8,763	-
<b>Total</b>	<b>22,519</b>	<b>9,027</b>

#### (i) Settlement of securities transactions

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

### 3 Financial risk management (continued)

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

##### (ii) Other

The Fund is not materially exposed to credit risk on other financial assets.

#### (d) 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 or can only do so on terms that are materially disadvantageous. Liquidity risk arises when investments made in securities which are traded on an infrequent basis, or in securities which are not traded regularly on any financial market. Should the Fund hold illiquid securities then it may not be able to sell them at a fair price at the time it may wish to do so. This may affect the Fund's performance and may also impact upon an investor's ability to redeem from the Fund.

The Fund is exposed to at least daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. The Investment Manager reasonably expects to be able to realise at least 80% of the Fund's assets, at the value ascribed to those assets in calculating the Fund's Net Asset Value, within 10 days (subject to any relevant costs).

However, at certain times, particularly under stressed market conditions, this may not be possible. Consequently, the Fund maintains a liquidity management policy that has the following key elements:

- The Fund will primarily hold investments that are traded on an active market;
- Units in the Monthly Class are subject to a minimum one calendar month redemption notice period; and
- The Investment Manager regularly monitors and internally reports on the liquidity of the Fund.

The Responsible Entity has the discretion to suspend redemptions of units in certain circumstances to allow sufficient time for the liquidation of assets to meet redemptions. The Fund did not suspend or withhold any redemption during 2025 (2024: nil).

##### (i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period as at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unitholder's option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	<b>Less than 1 month - at call \$'000</b>	<b>1-6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>1-2 years \$'000</b>	<b>Total \$'000</b>
<b>As at 30 June 2025</b>					
Distributions payable	12,793	-	-	-	12,793
Payables	900	-	-	-	900
Due to brokers - payable for securities purchased	1,120	-	-	-	1,120
Net assets attributable to unitholders	90,199	265,697	-	-	355,896
<b>Contractual cash flows</b>	<b>105,012</b>	<b>265,697</b>	<b>-</b>	<b>-</b>	<b>370,709</b>

### 3 Financial risk management (continued)

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

##### (i) Maturities of non-derivative financial liabilities (continued)

	Less than 1 month - at call \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
As at 30 June 2024					
Distributions payable	3,837	-	-	-	3,837
Payables	1,600	-	-	-	1,600
Due to brokers - payable for securities purchased	4,614	-	-	-	4,614
Net assets attributable to unitholders	77,205	246,556	-	-	323,761
Contractual cash flows	87,256	246,556	-	-	333,812

### 4 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (see Note 5)

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement 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).

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 listed equity securities) is based on their 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 and financial liabilities held by the Fund is the last-traded price.

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 Fund determines the fair value of equity securities that have been suspended from trading using the best information available in the circumstances adjusted for reasonably available information indicating the price that other market participants would use. As at year-end there were no suspended equity securities held by the Fund.

#### 4 Fair value measurement (continued)

(c) *Recognised fair value measurements*

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2025 and 30 June 2024.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2025</b>				
<b>Financial assets</b>				
Australian listed equity securities	290,956	-	-	290,956
Australian listed property trusts	55,115	-	-	55,115
<b>Total financial assets</b>	<b>346,071</b>	-	-	<b>346,071</b>

As at 30 June 2024

Financial assets				
Australian listed equity securities	294,439	-	-	294,439
Australian listed property trusts	29,163	-	-	29,163
<b>Total financial assets</b>	<b>323,602</b>	-	-	<b>323,602</b>

(d) *Transfers between levels*

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (2024: nil).

(e) *Financial instruments not carried at fair value*

The carrying values of receivables and payables approximate their fair values due to their short-term nature.

Net assets attributable to unitholders' carrying value does not differ from its fair value (deemed to be redemption price for individual units) due to no differences in valuation inputs.

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

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Australian listed equity securities	290,956	294,439
Australian listed property trusts	55,115	29,163
<b>Total financial assets at fair value through profit or loss</b>	<b>346,071</b>	<b>323,602</b>

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

## 6 Net assets attributable to unitholders - liability

### (a) Movement in net assets attributable to unitholders during the year

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Opening balance	323,761	271,783
Applications	36,049	28,638
Redemptions	(34,073)	(23,261)
Reinvestment of distributions	2,011	3,487
Increase/(decrease) in net assets attributable to unitholders	28,148	43,114
<b>Closing balance</b>	<b>355,896</b>	<b>323,761</b>

## 6 Net assets attributable to unitholders - liability (continued)

### (b) Movement in the number of units on issue

As at 30 June 2025	Opening balance as at 1 July 2024 Units '000	Applications Units '000	Redemptions Units '000	Series roll-up Units '000	Reinvestment of distributions Units '000	Closing balance as at 30 June 2025 Units '000
Daily Platform Class	34,259	8,547	(5,490)	-	26	37,342
Monthly Class	162,538	12,851	(14,989)	-	1,080	161,480
Wholesale Class A	25,825	1,789	(809)	-	306	27,111
<b>Total</b>	<b>222,622</b>	<b>23,187</b>	<b>(21,288)</b>	<b>-</b>	<b>1,412</b>	<b>225,933</b>
As at 30 June 2024						
Daily Platform Class	25,888	11,934	(3,607)	-	44	34,259
Monthly Platform Class	165,300	7,826	(12,780)	-	2,192	162,538
Wholesale Class A	25,226	-	-	-	599	25,825
<b>Total</b>	<b>216,414</b>	<b>19,760</b>	<b>(16,387)</b>	<b>-</b>	<b>2,835</b>	<b>222,622</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

The Fund issued Wholesale Class A units in April 2022. The Wholesale Class A has a different management fee rate from that of the Daily Platform Class and Monthly Class.

As the units on issue comprise multiple classes of units with non-identical features, the Fund's net assets attributable to unitholders cannot be classified as equity; and therefore, have continued to be classified as a liability in accordance with *AASB 132 Financial Instruments: Presentation*.

#### Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on at least a daily basis as the Fund is subject to applications and redemptions at the discretion of unitholders.

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.

**Auscap High Conviction Australian Equities Fund**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2025**  
**(continued)**

## 7 Distributions to unitholders

The distributions declared during the year were as follows:

	Year ended			
	30 June 2025 \$'000	30 June 2025 CPU	30 June 2024 \$'000	30 June 2024 CPU
<b>Daily Platform Class</b>				
Distributions payable	2,077	5.5624	579	1.6905
	<u>2,077</u>	<u>5.5624</u>	<u>579</u>	<u>1.6905</u>
<b>Monthly Class</b>				
Distributions payable	9,551	5.9146	2,922	1.7975
	<u>9,551</u>	<u>5.9146</u>	<u>2,922</u>	<u>1.7975</u>
<b>Wholesale Class A</b>				
Distributions payable	1,165	4.2979	336	1.2998
	<u>1,165</u>	<u>4.2979</u>	<u>336</u>	<u>1.2998</u>
			As at	
			30 June 2025 \$'000	30 June 2024 \$'000
Distributions payable			12,793	3,837
<b>Total distributions</b>			<u>12,793</u>	<u>3,837</u>

## 8 Cash and cash equivalents

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Cash in bank and held by brokers	21,579	8,063
<b>Total cash and cash equivalents</b>	<u>21,579</u>	<u>8,063</u>

These accounts are earning a floating interest rate of 2% to 3.25% as at 30 June 2025 (30 June 2024: 4% to 4.25%).

The amount of cash and cash equivalents shown in the Statement of Cash Flows at the end of the year is reconciled as follows:

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

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

	Year ended	
	30 June 2025 \$'000	30 June 2024 \$'000
Increase in net assets attributable to unit holders	28,148	43,114
Distributions to unitholders	12,793	3,837
Proceeds from sale of financial assets at fair value through profit or loss	445,484	270,936
Payments for purchase of financial assets at fair value through profit or loss	(435,273)	(285,265)
Proceeds from short sale of financial liabilities at fair value through profit or loss	821	24,216
Payments for re-purchase of financial liabilities at fair value through profit or loss	(819)	(24,187)
Net (gains)/losses on financial instruments at fair value through profit or loss	(36,153)	(43,131)
Net change in receivables	(935)	526
Net change in payables	8	124
<b>Net cash inflow/(outflow) from operating activities</b>	<b>14,074</b>	<b>(9,830)</b>

### (b) Non-cash financing activities

	Year ended	
	30 June 2025 \$'000	30 June 2024 \$'000
The following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	2,011	3,487
<b>Total non-cash financing activities</b>	<b>2,011</b>	<b>3,487</b>

As described in Note 2(j), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (b) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

**Auscap High Conviction Australian Equities Fund**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2025**  
**(continued)**

**10 Receivables**

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Dividends and unit trust distributions receivable	1,575	666
Interest receivable	38	47
GST receivable	506	470
<b>Total receivables</b>	<b>2,119</b>	<b>1,183</b>

**11 Payables**

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Management fees payable	485	436
Redemptions payable	69	7
Applications received in advance	183	953
Other payables	163	204
<b>Total payables</b>	<b>900</b>	<b>1,600</b>

**12 Remuneration of auditor**

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

	Year ended	
	30 June 2025 \$	30 June 2024 \$
<b>Ernst &amp; Young</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	39,190	40,000
Audit of compliance plan	22,972	22,801
Total auditor remuneration and other assurance services	<b>62,162</b>	<b>62,801</b>
<i>Taxation services</i>		
Tax compliance services	31,180	30,275
Total remuneration for taxation services	<b>31,180</b>	<b>30,275</b>
<b>Total remuneration of Ernst &amp; Young</b>	<b>93,342</b>	<b>93,076</b>

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

### 13 Related party transactions

The Responsible Entity of Auscap High Conviction Australian Equities Fund is Auscap Asset Management Limited (ABN 11 158 929 143) (AFSL 428014). Auscap Asset Management Limited is also the Investment Manager of the Fund. Accordingly, transactions with entities related to Auscap Asset Management Limited are disclosed below.

The Responsible Entity has contracted services to Apex Fund Services Pty Ltd (an Apex Group Company) to act as master custodian, and MUFG Corporate Markets (formerly known as Link Fund Solutions Pty Limited) to act as Administrator and Registrar for the Fund. The contracts are on normal commercial terms and conditions.

#### (a) Key management personnel

##### (i) Directors

Key management personnel include persons who were Directors and officers of Auscap Asset Management Limited at any time during or since the end of the financial year and up to the date of this report.

Timothy James Carleton  
 Steven Ivak  
 Phillip James Carleton  
 Sarah Lappan (Company Secretary)

##### (ii) Other key management personnel

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

#### (b) Transactions with key management personnel

From time to time Directors of the Responsible Entity, or their director-related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors. The following transactions occurred with key management personnel during the reporting period:

	Year ended	
	30 June 2025	30 June 2024
	\$	\$
Application for units	<b>250,000</b>	411,677
Redemption of units	<b>(898,974)</b>	-

#### (c) Key management personnel compensation

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

#### (d) Key management personnel loans

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

#### (e) 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 during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

### 13 Related party transactions (continued)

#### (f) Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and the offer documents of the Fund, the Responsible Entity/ Investment Manager is entitled to receive management fees of up to 1.5375% per annum for the Daily and Monthly Platform Classes and 1.05% per annum for the Wholesale Class A (including GST net of RITC) of the net assets of the Fund. The Responsible Entity/Investment Manager is also entitled to a performance fee of 15.375% (including GST net of RITC) of outperformance over the Benchmark. Outperformance is calculated as the amount by which the NAV per Unit of the Relevant Class exceeds the High Watermark increased by the Hurdle Rate, subject to the NAV per Unit of the Relevant Class also exceeding the High Watermark increased by the RBA Cash Rate.

The transactions during the year and amounts payable as at year end between the Fund and the Responsible Entity/Investment Manager were as follows:

	Year ended	
	30 June 2025	30 June 2024
	\$	\$
Management fees for the year*	<b>5,282,000</b>	4,599,000
Performance fees for the year	-	352,000
Total fees payable to the Responsible Entity/Investment Manager at year end	<b>485,000</b>	436,000

\* Includes Auscap Asset Management Limited's fees as the Responsible Entity and Investment Manager of the Fund.

#### (g) Investments

The Fund did not hold any investments in Auscap Asset Management Limited or its related parties during the year (2024: nil).

#### (h) Related party unit holdings

Parties related to the Fund including Auscap Asset Management Limited and its related parties held 7,220,631 units in the Fund as at 30 June 2025 (30 June 2024: 7,489,168 units).

The amount of related party holdings at 30 June 2024 did not include 1,533,798 units held by a director-controlled entity and an officer-controlled entity. As a result, the comparative information has been restated to correct this.

### 14 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the Statement of Financial Position as at 30 June 2025 or on the results and cash flows of the Fund for the year ended on that date.

### 15 Contingent assets and liabilities and commitments

There were no contingent assets, liabilities or commitments as at 30 June 2025 (30 June 2024: nil).

## **Directors' Declaration**

In the opinion of the Directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 30 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2025 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) confirms that the financial statements also comply with the 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 Auscap Asset Management Limited.



Timothy James Carleton  
Director

Sydney  
4 September 2025



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## Independent Auditor's Report to the Unitholders of Auscap High Conviction Australian Equities Fund (formerly known as "Auscap Long Short Australian Equities Fund")

### Opinion

We have audited the financial report of Auscap High Conviction Australian Equities Fund (the Fund) (formerly known as "Auscap Long Short Australian Equities Fund"), which comprises the statement of financial position as at 30 June 2025, 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 of 30 June 2025 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 Auscap Asset Management Limited (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.



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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 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 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 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 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.



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- 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Jonathan Hall'.

Jonathan Hall  
Partner  
Sydney  
4 September 2025