

ALPHA FUNDS

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

This financial report covers the following Alpha Funds:

Alpha Enhanced Yield Fund
ARSN 124 203 907

Alpha Infrastructure Fund
ARSN 155 105 534

Alpha Diversified Income Fund
ARSN 156 038 792

ALPHA FUNDS

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

CONTENTS

Directors' report

Auditor's independence declaration

Statements of comprehensive income

Statements of financial position

Statements of changes in equity

Statements of cash flows

Notes to the financial statements

Directors' declaration

Independent auditor's report to the unit holders of Alpha Funds

This annual report covers the following Funds as individual entities:

Alpha Enhanced Yield Fund

Alpha Infrastructure Fund

Alpha Diversified Income Fund

The Responsible Entity of Alpha Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, Victoria 3000.

DIRECTORS' REPORT

The directors of Equity Trustees Limited, the Responsible Entity of the Alpha Funds (the "Funds"), present their report together with the financial statements of the following Funds for the year ended 30 June 2021.

Alpha Enhanced Yield Fund

Alpha Infrastructure Fund

Alpha Diversified Income Fund

The Funds are collectively known as "Alpha Funds".

Principal activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the respective Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the year.

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

The various service providers for the Funds are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Alpha Fund Managers Pty Ltd
Custodian and Administrator	Mainstream Fund Services Pty Ltd*
Statutory Auditor	Deloitte Touche Tohmatsu

* On 22 September 2020, Mainstream Fund Services Pty Ltd replaced State Street Australia Limited as custodian and administrator to the Alpha Enhanced Yield Fund and Alpha Diversified Income Fund.

On 9 October 2020, Mainstream Fund Services Pty Ltd replaced State Street Australia Limited as custodian and administrator to the Alpha Infrastructure Fund.

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

DIRECTORS' REPORT (CONTINUED)

Review and results of operations

During the year, the Funds continued to invest their funds in accordance with the Product Disclosure Statements and the provisions of the Funds' Constitutions.

The Funds' performance and the Funds' benchmark returns for the year ended 30 June 2021 were as follows:

Fund name	Benchmark	Net return (net of fees)	Benchmark return
Alpha Enhanced Yield Fund	Bloomberg Aus Bond Bank Bill Index 1%	6.41%	1.06%
Alpha Infrastructure Fund	S&P Global Infrastructure Total Return AUD Index	17.50%	12.94%
Alpha Diversified Income Fund	Bloomberg Aus Bond Bank Bill Index 1%	0.74%	1.06%

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

	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$'000	\$'000
Profit/(loss) for the year	787,586	(1,143,744)	831,678	(1,026,507)	140	(179)
Distributions paid and payable	334,215	1,057,363	704,956	675,942	44	373
Distributions (cents per unit)	2.63	4.02	18.84	9.59	0.35	1.37

Distributions (cents per unit) excludes special distributions paid in its calculation. The cents per unit figure for special distributions is disclosed at Note 8 to the financial statements.

Significant changes in the state of affairs

Ian C Westley resigned as a director of Equity Trustees Limited on 3 July 2020.

Harvey H Kalman resigned as a director of Equity Trustees Limited on 1 September 2020.

Russell W Beasley was appointed as a director of Equity Trustees Limited on 1 September 2020.

On 22 September 2020, Mainstream Fund Services Pty Ltd replaced State Street Australia Limited as custodian and administrator to the Alpha Enhanced Yield Fund and Alpha Diversified Income Fund.

On 9 October 2020, Mainstream Fund Services Pty Ltd replaced State Street Australia Limited as custodian and administrator to the Alpha Infrastructure Fund.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Funds that occurred during the financial year ended 30 June 2021.

DIRECTORS' REPORT (CONTINUED)

COVID-19 Outbreak

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Funds' investment portfolio. There is still some uncertainty around the impact of COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Funds. The Investment Manager however, actively manages the financial risks that the Funds are exposed to, and the Net Asset Values of the Funds continue to be valued in accordance with the frequency set out in the Funds' Offer Documents, applying valuation policies reflective of the prevailing market conditions.

Matters subsequent to the end of the financial year

On 30 August 2021, the Responsible Entity and the Investment Manager obtained approval from investors to merge the Alpha Global Opportunities Fund with the Alpha Australian Blue Chip Fund, the Alpha Australian Small Companies Fund, the Alpha Property Securities Fund and the Alpha Infrastructure Fund, effective 9 September 2021. The Fund was renamed the Alpha High Growth Fund and its investment strategy was amended. The merging of these funds took place via in specie transfers based on the last NAV struck on 9 September 2021.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may have a significant effect on:

- i. the operations of the Funds in future financial years; or
- ii. the results of those operations in future financial years; or
- iii. the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statements and the provisions of the Funds' Constitutions.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Funds' Constitutions and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

Indemnification of auditor

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

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in Note 16 to the financial statements.

No fees were paid out of Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

Interests in the Funds

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

The value of the Funds' assets and liabilities is disclosed on the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest dollar/thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Financial statements presentation

The Funds are entities of the kind referred to in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial reports in adjacent columns in a single set of financial reports.

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 6.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
29 October 2021

29 October 2021

The Board of Directors
Equity Trustees Limited
Level 1, 575 Bourke Street
MELBOURNE VIC 3000

Dear Board Members,

Independence Declaration – Alpha Funds

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Equity Trustees Limited, the Responsible Entity, regarding the financial reports of Alpha Diversified Income Fund, Alpha Enhanced Yield Fund and Alpha Infrastructure Fund (collectively the "Alpha Funds" or the "Funds").

As lead audit partner for the audits of the financial statements of the Funds for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Chester Hii
Partner
Chartered Accountants

Alpha Funds
Statements of comprehensive income
For the year ended 30 June 2021

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
		Year ended		Year ended		Year ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$	\$	\$	\$	\$'000	\$'000
Investment income							
Interest income from financial assets at amortised cost		-	295	-	33	-	1
Dividend income		430,949	1,258,809	220,218	308,384	182	799
Net foreign exchange gain/(loss)		(129)	-	(9,506)	-	(115)	(183)
Net gains/(losses) on financial instruments at fair value through profit or loss		409,075	(2,344,435)	722,415	(1,222,614)	148	(694)
Other income	14	46,359	80,101	24,986	59,901	41	63
Total investment income/(loss)		886,254	(1,005,230)	958,113	(854,296)	256	(14)
Expenses							
Interest expense from financial liabilities at amortised cost		-	-	134	-	-	-
Management fees	16	28,702	99,126	26,373	137,995	49	114
Custody and administration fees		43,592	12,216	39,772	6,062	40	14
Withholding taxes		-	-	32,989	-	-	-
Transaction costs		1,532	3,138	-	2,983	4	3
Other expenses	15	24,842	24,034	27,167	25,171	23	34
Total expenses		98,668	138,514	126,435	172,211	116	165
Profit/(loss) for the year		787,586	(1,143,744)	831,678	(1,026,507)	140	(179)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		787,586	(1,143,744)	831,678	(1,026,507)	140	(179)

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

STATEMENTS OF FINANCIAL POSITION

	Note	Alpha Enhanced Yield Fund As at		Alpha Infrastructure Fund As at		Alpha Diversified Income Fund As at	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$	\$	\$	\$	\$'000	\$'000
Assets							
Cash and cash equivalents	9	204,479	3,047,088	37,905	4,350,544	3,885	3,254
Receivables	11	39,737	548,795	44,710	172,404	28	409
Due from brokers - receivable for securities sold		9,562,336	-	218,309	-	4,764	-
Financial assets at fair value through profit or loss	5	-	16,670,757	4,735,082	5,037,770	3,111	19,919
Total assets		9,806,552	20,266,640	5,036,006	9,560,718	11,788	23,582
Liabilities							
Bank overdrafts	9	-	-	142,763	-	-	-
Distributions payable	8	105,389	561,147	562,719	477,554	44	143
Payables	12	41,315	492,679	136,187	414,811	42	1,135
Total liabilities		146,704	1,053,826	841,669	892,365	86	1,278
Net assets attributable to unit holders - equity	7	9,659,848	19,212,814	4,194,337	8,668,353	11,702	22,304

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

Alpha Funds
Statements of changes in equity
For the year ended 30 June 2021

STATEMENTS OF CHANGES IN EQUITY

	Note	Alpha Enhanced Yield Fund Year ended		Alpha Infrastructure Fund Year ended		Alpha Diversified Income Fund Year ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$	\$	\$	\$	\$'000	\$'000
Total equity at the beginning of the financial year		19,212,814	27,880,190	8,668,353	13,143,007	22,304	29,655
Comprehensive income for the financial year							
Profit/(loss) for the year		787,586	(1,143,744)	831,678	(1,026,507)	140	(179)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		787,586	(1,143,744)	831,678	(1,026,507)	140	(179)
Transactions with unit holders							
Applications	7	1,493,777	1,807,013	593,020	973,441	1,541	3,236
Redemptions	7	(11,500,419)	(8,274,900)	(5,193,758)	(3,745,646)	(12,239)	(10,035)
Reinvestment of distributions	7	305	1,618	-	-	-	-
Distributions paid and payable	7	(334,215)	(1,057,363)	(704,956)	(675,942)	(44)	(373)
Total transactions with unit holders		(10,340,552)	(7,523,632)	(5,305,694)	(3,448,147)	(10,742)	(7,172)
Total equity at the end of the financial year		9,659,848	19,212,814	4,194,337	8,668,353	11,702	22,304

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

Alpha Funds
Statements of cash flows
For the year ended 30 June 2021

STATEMENTS OF CASH FLOWS

	Note	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
		Year ended		Year ended		Year ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$	\$	\$	\$	\$'000	\$'000
Proceeds from sale of financial instruments at fair value through profit or loss		8,425,302	14,982,780	11,471,256	7,705,629	15,767	17,574
Payments for purchase of financial instruments at fair value through profit or loss		(907,806)	(5,999,025)	(10,664,462)	(18)	(3,575)	(6,002)
Net foreign exchange gain/(loss)		-	-	(10,227)	-	(115)	(183)
Interest income received from financial assets at amortised cost		-	323	-	49	-	1
Dividends received		911,068	1,090,674	279,191	19	534	980
Other income received		73,304	286,821	75,689	-	75	1
Interest expense paid from financial liability at amortised cost		-	-	(134)	-	-	-
Management fees paid		(40,848)	(85,228)	(26,541)	(40,658)	(61)	(102)
Custody and administration fees paid		(8,229)	(10,797)	(4,801)	(5,401)	(5)	(12)
Other expenses paid		(24,636)	(26,801)	(40,944)	(29,363)	(43)	(79)
Net cash inflow/(outflow) from operating activities	10(a)	8,428,155	10,238,747	1,079,027	7,630,257	12,577	12,178
Cash flows from financing activities							
Proceeds from applications by unit holders		1,493,777	1,807,013	593,020	973,441	1,541	3,236
Payments for redemptions by unit holders		(11,974,744)	(7,997,818)	(5,508,379)	(3,489,701)	(13,344)	(9,074)
Distributions paid to unit holders		(789,668)	(1,315,747)	(619,791)	(1,048,341)	(143)	(3,451)
Net cash inflow/(outflow) from financing activities		(11,270,635)	(7,506,552)	(5,535,150)	(3,564,601)	(11,946)	(9,289)
Net increase/(decrease) in cash and cash equivalents		(2,842,480)	2,732,195	(4,456,123)	4,065,656	631	2,889
Cash and cash equivalents at the beginning of the year		3,047,088	314,863	4,350,544	284,888	3,254	365
Effect of foreign currency exchange rate changes on cash and cash equivalents		(129)	30	721	-	-	-
Cash and cash equivalents at the end of the year	9	204,479	3,047,088	(104,858)	4,350,544	3,885	3,254
Non-cash operating and financing activities	10(b)	305	36,736	-	203,257	-	12

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

NOTES TO THE FINANCIAL STATEMENTS

CONTENTS

1. General information
2. Summary of significant accounting policies
3. Financial risk management
4. Fair value measurement
5. Financial assets at fair value through profit or loss
6. Structured entities
7. Net assets attributable to unit holders - equity
8. Distributions to unit holders
9. Cash and cash equivalents
10. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
11. Receivables
12. Payables
13. Remuneration of auditors
14. Other income
15. Other expenses
16. Related party transactions
17. Events occurring after the reporting period
18. Contingent assets and liabilities and commitments

1. GENERAL INFORMATION

These financial statements cover the below Funds, (the "Funds") as individual entities. The Funds are Australian registered managed investment schemes, which were constituted on the dates in the below table and will terminate in accordance with the provisions of the Funds' Constitutions or by Law.

Alpha Enhanced Yield Fund	28 February 2007
Alpha Infrastructure Fund	23 December 2011
Alpha Diversified Income Fund	29 February 2012

The Responsible Entity of the Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statements and its Constitutions.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Funds' investment portfolio. There is still some uncertainty around the impact of COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Funds. The Investment Manager however, actively manages the financial risks that the Funds are exposed to, and the Net Asset Values of the Funds continue to be valued in accordance with the frequency set out in the Funds' Offer Documents, applying valuation policies reflective of the prevailing market conditions.

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 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Funds are 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 statements 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 net assets attributable to unit holders.

The Funds manage 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 unit holders, the units are redeemable on demand at the unit holders' 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of preparation (continued)

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Funds also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. New and amended standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

iii. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, 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 Funds.

b. Financial instruments

i. Classification

- Financial assets

The Funds classify their 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 Funds classify their financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Funds' portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

For cash and cash equivalents, due from brokers 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 (distributions payable and payables).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Financial instruments (continued)

ii. Recognition and derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or the Funds have transferred substantially all risks and rewards of ownership. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

iii. Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Funds measure a financial asset and a financial liability at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements 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 statements 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, due from brokers and receivables are carried at amortised cost.

iv. Impairment

At each reporting date, the Funds shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from broker 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 Funds 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 statements 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 statements of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Financial instruments (continued)

v. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Funds have 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 statements of financial position.

c. Net assets attributable to unit holders

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

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

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 Funds.

The Funds' units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Funds, and is not a contract settled in the Funds' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss

d. Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, 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 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 Funds' main income generating activity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. 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 liability and of allocating the interest income or expense over the relevant period. 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 instruments (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.

ii. Dividends

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. Such income is recorded gross of withholding tax in the statement of comprehensive income.

f. Expenses

All expenses are recognised in the statements of comprehensive income on an accruals basis.

g. Income tax

Under current legislation, the Funds are not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are included in the statements of comprehensive income as an expense.

h. Distributions

The Funds may distribute their distributable income, in accordance with the Funds' Constitutions, to unit holders by cash or reinvestment. The distributions are recognised in the statements of changes in equity.

i. Foreign currency translation

i. Functional and presentation currency

Balances included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Foreign currency translation (continued)

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

j. 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 the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

k. 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.

l. Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statements of financial position.

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

m. Applications and redemptions

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

n. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as management, administration and custodian services where applicable, have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence 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). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Use of estimates and judgements

The Funds make 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 Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Funds estimate the expected credit loss (ECL) using impairment model, which has not materiality impacted the Funds. Please see Note 3 for more information on credit risk.

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

p. Rounding of amounts

The Funds are entities of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar/thousand dollars, unless otherwise indicated.

3. FINANCIAL RISK MANAGEMENT

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

The Funds' overall risk management programme focuses on ensuring compliance with the Funds' Product Disclosure Statements and the investment guidelines of the Funds. They also seek to maximise the returns derived for the level of risk to which the Funds are exposed and seek to minimise potential adverse effects on the Funds' financial performance. The Funds' policy allows them to use derivative financial instruments in managing the 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 maximum loss of capital on derivatives is limited to the notional contract values of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Funds, and associated risks, are managed by a specialist Investment Manager, Alpha Funds Managers Pty Ltd ("Alpha") under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Funds, consistent with those stated in the Product Disclosure Statements.

The Funds use different methods to measure different types of risk to which it is exposed. These methods are explained below.

a. Market risk

i. Price risk

The Funds are exposed to price risk on their investment in securities and unlisted unit trusts. Price risk arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk (continued)

i. Price risk (continued)

Alpha manages price risk for the Funds by selecting and investing in securities and underlying managed investment schemes that are deemed most appropriate to achieve the investment objectives of the Funds. This process involves extensive due diligence and ongoing monitoring of the securities and selected schemes. The underlying securities and managed investment schemes are diversified to further mitigate price risk.

The tables at Note 3(b) summarises the sensitivities of the Funds' assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Funds invests moves by +/-10% (2020: +/-10%).

ii. Foreign exchange risk

The Funds operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk is managed by hedging back foreign currencies into Australian Dollars where possible. The Investment Manger monitors the value of these foreign currency positions and alters the foreign exchange hedges accordingly.

The table below summarises the fair value of the Funds' financial assets and financial liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

Alpha Infrastructure Fund	CAD A\$	DKK A\$	EUR A\$	GBP A\$	HKD A\$	NZD A\$	USD A\$
As at 30 June 2021							
Cash and cash equivalents	9,143	(10)	4,119	8,658	-	(12)	16,007
Receivables	5,148	-	387	-	20,339	-	417
Due from brokers - receivable for securities sold	-	-	-	-	-	-	60,305
Financial assets at fair value through profit or loss	472,941	49,137	638,250	-	235,501	130,128	2,786,689
Net exposure	487,232	49,127	642,756	8,658	255,840	130,116	2,863,418
As at 30 June 2020							
Cash and cash equivalents	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Due from brokers - receivable for securities sold	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Net exposure	-	-	-	-	-	-	-

The table at Note 3(b) summarises the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% against the material foreign currencies to which the Fund is exposed.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk (continued)

iii. Interest rate risk

The Funds are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk.

The Funds' interest bearing financial assets expose them to risks associated with the effects of fluctuation in the prevailing levels of market interest rate on its financial positions and cash flows. The impact of interest rate risk on net assets attributable to unit holders and operating profit are considered immaterial to the Funds.

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

b. Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and the historical correlation of the Funds' 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 Funds invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unit holders					
	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
	Price risk		Price risk		Price risk	
	+10%	-10%	+10%	-10%	+10%	-10%
	\$	\$	\$	\$	\$'000	\$'000
As at 30 June 2021	-	-	473,508	(473,508)	311	(311)
As at 30 June 2020	1,667,076	(1,667,076)	503,777	(503,777)	1,992	(1,992)

	Impact on operating profit/net assets attributable to unit holders	
	Alpha Infrastructure Fund	
	Foreign exchange risk	
	+10%	-10%
	\$'000	\$'000
As at 30 June 2021	443,715	(443,715)
As at 30 June 2020	155	(155)

c. Credit risk

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

The Funds do 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 Funds are 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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Credit risk (continued)

The Funds determine 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 consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2021 and 30 June 2020, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are either callable on demand or due to be settled within 1 week. Management consider 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 Funds.

d. Liquidity risk

Liquidity risk is the risk that the Funds 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.

Exposure to liquidity risk for the Funds may arise from the requirement to meet daily unit holder redemption requests or to fund foreign exchange related cash flow requirements.

In order to manage the Funds' overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders. The Funds did not reject or withhold any redemptions during 2021 and 2020.

i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Funds in the current period have maturities of less than 1 month.

4. FAIR VALUE MEASUREMENT

The Funds measure and recognise 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 Funds have 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 Funds value their investments in accordance with the accounting policies set out in Note 2 to the financial statements.

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 and listed unit trusts) 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.

4. FAIR VALUE MEASUREMENT (CONTINUED)

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

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)

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.

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

c. Recognised fair value measurements

The table below presents the Funds' financial assets and liabilities measured and recognised at fair value as at 30 June 2021.

	Alpha Enhanced Yield Fund				Alpha Infrastructure Fund			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2021								
Financial assets:								
Equity securities	-	-	-	-	4,233,532	-	-	4,233,532
Unit trusts	-	-	-	-	501,550	-	-	501,550
Total financial assets	-	-	-	-	4,735,082	-	-	4,735,082
As at 30 June 2020								
Financial assets:								
Unit trusts	-	16,670,757	-	16,670,757	-	5,037,770	-	5,037,770
Total financial assets	-	16,670,757	-	16,670,757	-	5,037,770	-	5,037,770

	Alpha Diversified Income Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2021				
Financial assets:				
Equity securities	3,111	-	-	3,111
Total financial assets	3,111	-	-	3,111
As at 30 June 2020				
Financial assets:				
Unit trusts	-	19,919	-	19,919
Total financial assets	-	19,919	-	19,919

4. FAIR VALUE MEASUREMENT (CONTINUED)

d. Transfer 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.

e. Financial instruments not carried at fair value

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

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Alpha Enhanced Yield Fund As at		Alpha Infrastructure Fund As at		Alpha Diversified Income Fund As at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$'000	\$'000
Equity securities	-	-	4,233,532	-	3,111	-
Unit trusts	-	16,670,757	501,550	5,037,770	-	19,919
Total financial assets at fair value through profit or loss	-	16,670,757	4,735,082	5,037,770	3,111	19,919

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. STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangement.

The Funds consider all investments in managed investment schemes (the "Schemes") to be structured entities. The Funds invest in Schemes for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in related Schemes at fair value, and any related party amounts recognised in the statements of comprehensive income is disclosed at Note 16(i) to the financial statements.

6. STRUCTURED ENTITIES (CONTINUED)

The exposure to investments in unrelated Schemes at fair value are disclosed in the following tables:

	Fair value of investment	
	As at	
	30 June 2021	30 June 2020
Alpha Enhanced Yield Fund	\$	\$
PIMCO Wholesale Diversified Fixed Interest Fund	-	4,007,554
Legg Mason Brandywine Global Opportunistic Fixed Income Trust	-	1,618,448
Janus Henderson Glb Ftr Fund	-	2,196,378
Total unrelated Schemes	-	7,822,380

	Fair value of investment	
	As at	
	30 June 2021	30 June 2020
Alpha Infrastructure Fund	\$	\$
Magellan Infrastructure Fund	-	5,037,770
Total unrelated Schemes	-	5,037,770

	Fair value of investment	
	As at	
	30 June 2021	30 June 2020
Alpha Diversified Income Fund	\$'000	\$'000
JPMorgan Global Bond Opportunities	-	1,594
Vontobel Fund - Emerging Markets Debt	-	3,640
Pimco Wholesale Diversified Fixed Interest Fund	-	9,107
Total unrelated Schemes	-	14,341

The fair value of the Schemes is included in financial assets at fair value through profit or loss in the statements of financial position.

The Funds' maximum exposure to loss from their interest in the Schemes is equal to the fair value of their investments in the Schemes as there are no off-balance sheet exposures relating to any of the Schemes. Once the Funds have disposed of their units in a Scheme, they cease to be exposed to any risk from that Scheme.

6. STRUCTURED ENTITIES (CONTINUED)

During the year ended 30 June 2021 the Funds' total gains/(losses) incurred on investments in the unrelated Schemes and the distribution income earned as a result of their interests in the unrelated Schemes were as follows:

Fund name	Total gains/(losses) Year ended		Distribution income Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Alpha Enhanced Yield Fund	(139,756)	(2,420,646)	41,154
Alpha Infrastructure Fund	554,785	(1,222,614)	-	-
Alpha Diversified Income Fund	281,567	(690,042)	96,288	-

7. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - EQUITY

The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions set out in Note 2(c).

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

	Alpha Enhanced Yield Fund Year ended				Alpha Infrastructure Fund Year ended			
	30 June 2021	30 June 2021	30 June 2020	30 June 2020	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Units	\$	Units	\$	Units	\$	Units	\$
Opening balance	24,771,232	19,212,814	32,559,301	27,880,190	6,704,550	8,668,353	8,620,376	13,143,007
Applications	1,873,802	1,493,777	2,152,734	1,807,013	439,615	593,020	635,919	973,441
Redemptions	(14,546,385)	(11,500,419)	(9,942,724)	(8,274,900)	(3,971,939)	(5,193,758)	(2,551,745)	(3,745,646)
Reinvestment of distributions	393	305	1,921	1,618	-	-	-	-
Distributions paid and payable	-	(334,215)	-	(1,057,363)	-	(704,956)	-	(675,942)
Profit/(loss) for the year	-	787,586	-	(1,143,744)	-	831,678	-	(1,026,507)
Closing balance	12,099,042	9,659,848	24,771,232	19,212,814	3,172,226	4,194,337	6,704,550	8,668,353

	Alpha Diversified Income Fund Year ended			
	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Units '000	\$'000	Units '000	\$'000
Opening balance	24,388	22,304	31,722	29,655
Applications	1,674	1,541	3,427	3,236
Redemptions	(13,305)	(12,239)	(10,761)	(10,035)
Reinvestment of distributions	-	-	-	-
Distributions paid and payable	-	(44)	-	(373)
Profit/(loss) for the year	-	140	-	(179)
Closing balance	12,757	11,702	24,388	22,304

7. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - EQUITY (CONTINUED)

As stipulated within the Funds' Constitutions, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Funds consider their net assets attributable to unit holders as capital. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unit holders.

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

8. DISTRIBUTIONS TO UNIT HOLDERS

The distributions declared during the year were as follows:

	Alpha Enhanced Yield Fund				Alpha Infrastructure Fund			
	Year ended		Year ended		Year ended		Year ended	
	30 June 2021	30 June 2021	30 June 2020	30 June 2020	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	\$	CPU	\$	CPU	\$	CPU	\$	CPU
Distributions								
October*	-	-	-	-	99,457	-	-	-
December	97,273	0.70	185,643	0.63	42,780	1.10	198,388	2.47
March	131,553	1.06	310,573	1.12	-	-	-	-
June (payable)	105,389	0.87	561,147	2.27	562,719	17.74	477,554	7.12
Total distributions	334,215	2.63	1,057,363	4.02	704,956	18.84	675,942	9.59

*The October distribution represents a special distribution (CPU 6.8096) paid by the Fund due to a unit holder redemption of greater than 5% of the net assets of the Fund. Due to this redemption, as outlined in the Product Disclosure Statement, a portion of the withdrawal proceeds represented distributable income to the redeeming unit holder. Refer to the Fund's Disclosure Statement for details on special distributions.

8. DISTRIBUTIONS TO UNIT HOLDERS (CONTINUED)

	Alpha Diversified Income Fund			
	Year ended			
	30 June	30 June	30 June	30 June
	2021	2021	2020	2020
	\$'000	CPU	\$'000	CPU
Distributions				
December	-	-	109	0.36
March	-	-	121	0.42
June (payable)	44	0.35	143	0.59
Total distributions	44	0.35	373	1.37

9. CASH AND CASH EQUIVALENTS

	Alpha Enhanced Yield Fund As at		Alpha Infrastructure Fund As at		Alpha Diversified Income Fund As at	
	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$'000	\$'000
Cash at bank	204,479	3,047,088	37,905	4,350,544	3,885	3,254
Total cash and cash equivalents	204,479	3,047,088	37,905	4,350,544	3,885	3,254

a. Reconciliation to statement of cash flows

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the year as follows:

	Alpha Enhanced Yield Fund As at		Alpha Infrastructure Fund As at		Alpha Diversified Income Fund As at	
	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$'000	\$'000
Balance per above	204,479	3,047,088	37,905	4,350,544	3,885	3,254
Bank overdrafts	-	-	(142,763)	-	-	-
Balance per statement of cash flows	204,479	3,047,088	(104,858)	4,350,544	3,885	3,254

10. 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

	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$'000	\$'000
Profit/(loss) for the year	787,586	(1,143,744)	831,678	(1,026,507)	140	(179)
Proceeds from sale of financial instruments at fair value through profit or loss	8,425,302	14,982,780	11,471,256	7,705,629	15,767	17,574
Payments for purchase of financial instruments at fair value through profit or loss	(907,806)	(5,999,025)	(10,664,462)	(18)	(3,575)	(6,002)
Net (gains)/losses on financial instruments at fair value through profit or loss	(409,075)	2,344,435	(722,415)	1,222,614	(148)	694
Effect of foreign currency exchange rate changes on cash and cash equivalents	129	(30)	(721)	-	-	-
Dividend and distribution income reinvested	-	-	-	(187,546)	-	-
Net change in receivables	509,058	73,731	127,694	(167,118)	381	124
Net change in payables	22,961	15,718	35,997	98,914	12	(21)
Management fee rebate reinvestment	-	(35,118)	-	(15,711)	-	(12)
Net cash inflow/(outflow) from operating activities	8,428,155	10,238,747	1,079,027	7,630,257	12,577	12,178

b. Non-cash operating and financing activities

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan

	305	1,618	-	-	-	-
--	-----	-------	---	---	---	---

The following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plans

	-	-	-	187,546	-	-
--	---	---	---	---------	---	---

Management fee rebate reinvestment

	-	35,118	-	15,711	-	12
--	---	--------	---	--------	---	----

Total non-cash operating and financing activities

	305	36,736	-	203,257	-	12
--	------------	---------------	----------	----------------	----------	-----------

11. RECEIVABLES

	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
	As at		As at		As at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$'000	\$'000
Dividends receivable	-	480,119	28,470	120,819	-	352
Withholding tax receivable	-	-	387	-	-	-
GST receivable	4,308	6,302	14,971	-	5	-
Reimbursement receivable from Responsible Entity	-	44,982	-	44,190	-	51
Management fee receivable	35,429	9,821	882	886	23	-
Other receivables	-	7,571	-	6,509	-	6
Total receivables	39,737	548,795	44,710	172,404	28	409

12. PAYABLES

	Alpha Enhanced Yield Fund As at		Alpha Infrastructure Fund As at		Alpha Diversified Income Fund As at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$'000	\$'000
Management fees payable	3,191	15,337	97,865	98,033	4	16
Redemptions payable	-	474,325	-	314,621	-	1,105
Custody and administration fees payable	37,980	2,617	36,212	1,241	38	3
GST payable	-	-	-	916	-	11
Other payables	144	400	2,110	-	-	-
Total payables	41,315	492,679	136,187	414,811	42	1,135

13. REMUNERATION OF AUDITORS

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

	Alpha Enhanced Yield Fund Year ended		Alpha Infrastructure Fund Year ended		Alpha Diversified Income Fund Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$	\$
Deloitte Touche Tohmatsu						
<i>Audit and other assurance services</i>						
Audit of financial statements	11,000	8,869	10,000	4,016	11,000	10,137
Audit of compliance plan	-	5,051	-	2,338	-	5,773
Total auditor remuneration and other assurance services	11,000	13,920	10,000	6,354	11,000	15,910
<i>Taxation services</i>						
Taxation services	7,120	6,509	7,070	3,013	7,120	7,439
Total remuneration for taxation services	7,120	6,509	7,070	3,013	7,120	7,439
Total remuneration of Deloitte Touche Tohmatsu	18,120	20,429	17,070	9,367	18,120	23,349
PricewaterhouseCoopers						
<i>Audit and other assurance services</i>						
Audit of compliance plan	2,342	-	2,342	-	2,342	-
Total auditor remuneration and other assurance services	2,342	-	2,342	-	2,342	-
Total remuneration of PricewaterhouseCoopers	2,342	-	2,342	-	2,342	-

The auditors' remuneration is borne by the Funds. Fees are stated exclusive of GST.

14. OTHER INCOME

	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$'000	\$'000
Management fee rebate income	-	35,118	-	15,711	-	12
Reimbursement income from Responsible Entity	-	44,983	-	44,190	-	51
Other income	46,359	-	24,986	-	41	-
Total other income	46,359	80,101	24,986	59,901	41	63

15. OTHER EXPENSES

	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$'000	\$'000
Audit fees	14,547	5,760	9,592	7,029	17	6
Other expenses	10,295	18,274	17,575	18,142	6	28
Total other expenses	24,842	24,034	27,167	25,171	23	34

16. RELATED PARTY TRANSACTIONS

The Responsible Entity of Alpha Funds is Equity Trustees Limited (ABN 46 004 021 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to Alpha Fund Managers Pty Ltd to act as Investment Manager for the Funds and Mainstream Fund Services Pty Ltd to act as Custodian and Administrator for the Funds. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Directors

Key management personnel includes persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

16. RELATED PARTY TRANSACTIONS (CONTINUED)

a. Key management personnel (continued)

ii. Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

iii. Other key management personnel

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

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

c. Key management personnel unit holdings

Key management personnel did not hold units in the Funds as at 30 June 2021 (30 June 2020: nil).

d. Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Funds to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

e. Key management personnel loans

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

f. Other transactions within the Funds

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

g. Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Funds' Constitutions and Product Disclosure Statements for the Funds, the Responsible Entity and the Investment Manager are entitled to receive management fees.

16. RELATED PARTY TRANSACTIONS (CONTINUED)

g. Responsible Entity fees, Investment Manager's fees and other transactions (continued)

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

	Alpha Enhanced Yield Fund		Alpha Infrastructure Fund		Alpha Diversified Income Fund	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$	\$
Management fees for the year	13,868	84,227	20,903	36,004	22,146	96,739
Performance fees for the year	-	-	-	94,716	18,774	-
Responsible Entity fees for the year	14,834	14,899	5,470	7,275	8,367	17,072
Reimbursement income from Responsible Entity for the year	-	44,983	-	44,190	-	51,328
Management fees payable at year end	1,048	8,533	94,716	94,716	1,733	7,601
Responsible Entity fees payable at year end	2,143	6,804	3,149	3,317	2,542	8,019
Reimbursement receivable from Responsible Entity at year end	-	44,983	-	44,190	-	51,328
Management fees reimbursement receivable at year end	35,429	9,821	882	886	22,800	-

For information on how management fees are calculated please refer to the Funds' Product Disclosure Statements.

The management fees borne by the Funds are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers. Expense recoveries include Responsible Entity fees, Custodian and Administrator fees and other expenses.

h. Related party unit holdings

Parties related to the Funds (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited), held no units in the Funds as at 30 June 2021 (30 June 2020: nil).

i. Investments

The Funds held investments in the following schemes which are also managed by Equity Trustees Limited or their related parties:

	Fair value of investment	Interest held	Distributions earned	Distributions receivable	Units acquired during the year	Units disposed during the year
	\$	%	\$	\$		
Alpha Enhanced Yield Fund						
As at 30 June 2021						
Smarter Money Long Short Credit Fund	-	-	116,170	-	1,880	4,525,814
Premium Asia Income Fund	-	-	202,096	-	5,232	3,983,195

16. RELATED PARTY TRANSACTIONS (CONTINUED)

i. Investments (continued)

Alpha Enhanced Yield Fund	Fair value of investment \$	Interest held %	Distributions earned \$	Distributions receivable \$	Units acquired during the year	Units disposed during the year
As at 30 June 2020						
SPW Global Income Fund	-	-	145,754	-	1,028	459,539
Smarter Money Long Short Credit Fund	4,548,364	1.14%	100,212	26,239	11,026	470,087
Premium Asia Income Fund	4,300,014	10.42%	131,256	274,244	2,102,260	-

Alpha Diversified Income Fund	Fair value of investment \$	Interest held %	Distributions earned \$	Distributions receivable \$	Units acquired during the year	Units disposed during the year
As at 30 June 2021						
Alexander Credit Fund	-	-	60,615	-	-	4,198,046
As at 30 June 2020						
Alexander Credit Fund	5,577,046	2.28%	136,437	160,695	-	-

Alpha Infrastructure Fund did not hold any investments in Equity Trustees Limited or their related parties during the year (2020: nil).

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 30 August 2021, the Responsible Entity and the Investment Manager obtained approval from investors to merge the Alpha Global Opportunities Fund with the Alpha Australian Blue Chip Fund, the Alpha Australian Small Companies Fund, the Alpha Property Securities Fund and the Alpha Infrastructure Fund, effective 9 September 2021. The Fund was renamed the Alpha High Growth Fund and its investment strategy was amended. The merging of these funds took place via in specie transfers based on the last NAV struck on 9 September 2021.

No other significant events have occurred since the end of the year which would impact on the financial position of the Funds as disclosed in the statements of financial position as at 30 June 2021 or on the results and cash flows of the Funds for the year ended on that date.

18. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There were no other contingent assets, liabilities or commitments as at 30 June 2021 and 30 June 2020.

DIRECTORS' DECLARATION

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 7 to 33 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Funds' financial position as at 30 June 2021 and of their performance for the financial year ended on that date.
- b. There are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- c. Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
29 October 2021

Independent Auditor's Report to the Unit Holders of Alpha Funds

Opinion

We have audited the financial reports of Alpha Diversified Income Fund, Alpha Enhanced Yield Fund and Alpha Infrastructure Fund (collectively the "Alpha Funds" or the "Funds"), which comprises the statements of financial position as at 30 June 2021, the statements of comprehensive income, the statements of cash flows and the statements of changes in equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial reports of the Funds are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Funds' financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audits 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 Funds 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 audits of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of the Funds (the "Directors"), would be in the same terms if given to Directors as at the time of this auditor's report.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2021, but does not include the financial reports and our auditor's report thereon.

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

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits, 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 Reports

The Directors are responsible for the preparation of the financial reports 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 reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the Directors are responsible for assessing the ability of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audits of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 these financial reports.

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

- Identify and assess the risks of material misstatement of the financial reports, 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 audits 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 Funds' 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 Funds' 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 reports 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 Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Chester Hii
Partner
Chartered Accountants

Melbourne, 29 October 2021