

PAC Capital Fund

ARSN 652 244 365

Annual report For the year ended 30 June 2023

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This annual report covers PAC Capital Fund as an individual entity.

The Responsible Entity of PAC Capital Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of PAC Capital Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2023.

Principal activities

The Fund was constituted on 23 July 2021, registered with the Australian Securities and Investments Commission on 29 July 2021 and commenced operations on 8 February 2022. The Fund is a registered Multiclass Fund comprising four retail classes, PAC Global Balanced Fund, PAC Global Growth Fund, PAC Global Esports Fund and the PAC Global Fund (formerly known as "PAC Global Innovation Fund"), collectively known as the "Retail Class".

The Retail Class invests directly into unregistered wholesale funds ("Underlying Funds"), which are PAC Global Esports Fund, PAC Global Fund (formerly known as "PAC Global Innovation Fund"), PAC Global Balanced Fund and PAC Global Growth Fund. The Underlying Funds are unregistered hedge funds domiciled in Australia.

The Retail Class investment strategy is to generate investment returns in excess of the Consumer Price Index ("CPI") + 3% over the long term for the PAC Global Balanced Fund and CPI +3.5% for the PAC Global Growth Fund respectively, by investing in the Underlying Funds.

The Retail Class investment strategy is to generate investment returns in excess of the Reserve Bank of Australia ("RBA") cash rate over the long term for the PAC Global Fund (formerly known as "PAC Global Innovation Fund"), and the PAC Global Esports Fund, by investing in the Underlying Funds.

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 for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	PAC Capital Pty Ltd
Custodian	Sandhurst Trustees Limited.
Administrator	Apex Fund Services Pty Ltd*
Statutory Auditor	KPMG

*Effective on 21 October 2022, Mainstream Fund Services Pty Ltd changed its name to Apex Fund Services Pty Ltd.

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
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	
David B Warren	(appointed 6 March 2023)

Review and results of operations

During the year, the Fund invested its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance for PAC Global Esports Fund - Retail Class was -0.73% (2022: 13.36%) for the year ended 30 June 2023.

The Fund's performance for PAC Global Fund - Retail Class was 11.74% (2022: -3.98%) for the year ended 30 June 2023.

Directors' report (continued)

Review and results of operations (continued)

The Fund's performance for PAC Global Balanced Fund - Retail Class was 5.48% (2022: -7.16%) for the year ended 30 June 2023.

The Fund's performance for PAC Global Growth Fund - Retail Class was 6.82% (2022: -7.26%) for the year ended 30 June 2023.

The Fund's performance is calculated based on the percentage change in the Redemption Price in the Fund over the period with any distributions paid during the period reinvested. Returns are disclosed after fees and expenses but before taxes.

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

	Year ended	
	30 June 2023	30 June 2022
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	3,273	(47)
PAC Global Growth Fund - Retail Class		
Distributions paid and payable (\$'000)	320	1
Distributions (cents per unit)	1.6663	0.0790
PAC Global Balanced Fund - Retail Class		
Distributions paid and payable (\$'000)	103	1
Distributions (cents per unit)	0.9130	0.0564

There were no distributions declared for the year ended 30 June 2023 and 30 June 2022 for PAC Global Esports Fund - Retail Class and PAC Global Fund - Retail Class.

Significant changes in the state of affairs

David B Warren was appointed as a director of Equity Trustees Limited on 6 March 2023.

On 23 May 2023, the PAC Global Innovation Fund changed its name to PAC Global Fund in the Retail Class.

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

To protect the interest of unit holders following media reports, the Responsible Entity of PAC Capital Fund, on 14 August 2023, suspended all applications or redemptions for the 7 August 2023 Net Asset Value date and onwards across the four classes of the Fund in accordance with the provision of the Fund's Constitution that allows the suspension of transactions.

Directors' report (continued)

Matters subsequent to the end of the financial year (continued)

On 19 September 2023, the Responsible Entity, in consultation with the Fund's Investment Manager, determined that two of the Fund's Retail Classes, PAC Global Esports Fund – Retail Class and the PAC Global Fund – Retail Class were both no longer commercially viable and unable to meet their investment objectives. As a result, the assets of the classes held by the Underlying Funds were sold or redeemed with the exception of the illiquid investments in PAC Private 1 Fund. The cash proceeds (\$7,334,426 for PAC Global Esports Fund –Retail Class and \$6,353,070 for PAC Global Fund – Retail Class) have been progressively returned to unit holders.

The illiquid investments in PAC Private 1 Fund, whose fair value was estimated using the net tangible asset value of PAC Private 1 Fund provided by Boutique Capital Pty Limited as the trustee of PAC Private 1 Fund at the reporting date, held by the Underlying Funds (\$2,330,797 for PAC Global Esports Fund – Retail Class and \$3,190,323 for PAC Global Fund – Retail Class) were in-specie transferred to the Fund and are now held directly by the Fund.

The remaining two classes, PAC Global Balanced Fund – Retail Class and PAC Global Growth Fund – Retail Class have changed their structure from investing in Underlying Funds which held the assets of the respective class to now directly holding the assets. On 19 September 2023, the Responsible Entity decided to lift the previous suspension issued on 14 August 2023 for these two classes and allow applications and redemptions to recommence.

No other matter or circumstance has arisen since 30 June 2023 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 Product Disclosure Statement and the provisions of the Fund's Constitution.

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

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund 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 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.

Directors' report (continued)

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

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 or 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.

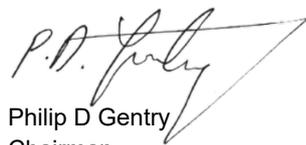
Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*, 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 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
12 January 2024



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of the Responsible Entity for PAC Capital Fund:

I declare that, to the best of my knowledge and belief, in relation to the audit of PAC Capital Fund for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Quang Dang

Partner

Sydney

12 January 2024

Statement of comprehensive income

	Note	Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
Investment income			
Net gains/(losses) on financial instruments at fair value through profit or loss		3,338	(38)
Distribution income		530	-
Interest income from financial assets at amortised cost		5	-
Fee income		111	9
Total investment income/(loss)		<u>3,984</u>	<u>(29)</u>
Expenses			
Management fees and costs	13	338	5
Performance fees	13	373	13
Total expenses		<u>711</u>	<u>18</u>
Profit/(loss) before finance costs attributable to unit holders for the year		<u>3,273</u>	<u>(47)</u>
Finance costs attributable to unit holders			
Distributions to unit holders	7	(423)	(2)
(Increase)/decrease in net assets attributable to unit holders		<u>(2,850)</u>	<u>49</u>
Profit/(loss) for the year		<u>-</u>	<u>-</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

Statement of financial position

		As at	
	Note	30 June 2023 \$'000	30 June 2022 \$'000
Assets			
Cash and cash equivalents	8	515	18
Receivables	10	1,376	99
Prepaid expenses		-	15
Due from related parties		7	-
Investment in advance		20	893
Financial assets at fair value through profit or loss	5	53,956	4,321
Total assets		55,874	5,346
Liabilities			
Distributions payable		423	2
Payables	11	454	18
Redemptions payable		1,180	90
Subscriptions received in advance		20	697
Due to related parties		-	28
Total liabilities (excluding net assets attributable to unit holders)		2,077	835
Net assets attributable to unit holders - liability		53,797	4,511

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

Statement of changes in equity

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Total equity at the beginning of the financial year	-	-
Comprehensive income for the financial year		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income/(loss)	-	-
Transactions with owners in their capacity as owner	-	-
Total equity at the end of the financial year*	-	-

* Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

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

Statement of cash flows

	Note	Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities			
Proceeds from redeeming of financial instruments at fair value through profit or loss		5,479	7
Payments for purchase of financial instruments at fair value through profit or loss		(52,607)	(4,433)
Prepaid expenses		-	(15)
Investment in advance		873	(893)
Interest income received		5	-
Other income received		109	5
Distribution income received		52	-
Management fees and costs paid		(260)	-
Net cash inflow/(outflow) from operating activities	9	(46,349)	(5,329)
Cash flows from financing activities			
Proceeds from applications by unit holders		51,743	5,347
Payments for redemptions by unit holders		(4,895)	-
Distributions paid to unit holders		(2)	-
Net cash inflow/(outflow) from financing activities		46,846	5,347
Net increase/(decrease) in cash and cash equivalents		497	18
Cash and cash equivalents at the beginning of the year		18	-
Cash and cash equivalents at the end of the year	8	515	18

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 PAC Capital Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 23 July 2021 and registered with the Australian Securities and Investments Commission on 29 July 2021. The Fund commenced operations on 8 February 2022 and will terminate in accordance with the provisions of the Fund’s Constitution or by Law.

The Responsible Entity of the Fund 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 Fund is a registered Multiclass Fund comprising four retail classes, PAC Global Balanced Fund, PAC Global Growth Fund, PAC Global Esports Fund and the PAC Global Fund (formerly known as “PAC Global Innovation Fund”), collectively known as the “Retail Class”.

The Retail Class invests directly into unregistered wholesale funds (“Underlying Funds”), which are PAC Global Esports Fund, PAC Global Fund (formerly known as “PAC Global Innovation Fund”), PAC Global Balanced Fund and PAC Global Growth Fund. The Underlying Funds are unregistered hedge funds domiciled in Australia. The Trustee of the Underlying Funds is Boutique Capital Pty Ltd. The Investment Manager of the Underlying Funds is PAC Capital Pty Ltd.

The Retail Class investment strategy is to generate investment returns in excess of the Consumer Price Index (“CPI”) + 3% over the long term for the PAC Global Balanced Fund and CPI +3.5% for the PAC Global Growth Fund respectively, by investing in the Underlying Funds.

The Retail Class investment strategy is to generate investment returns in excess of the Reserve Bank of Australia (“RBA”) cash rate over the long term for the PAC Global Fund (formerly known as “PAC Global Innovation Fund”), and the PAC Global Esports Fund, by investing in the Underlying Funds.

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 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 unit holders.

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 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 Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

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 2022 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 2023 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

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

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's 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 cash and cash equivalents, due from brokers - receivable for securities sold, receivables, prepaid expenses, due from related parties and investment in advance these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows 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 related parties, subscriptions received in advance, redemptions payable, distributions payable and 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.

2. Summary of significant accounting policies (continued)

b. Financial instruments (continued)

ii. Recognition and derecognition (continued)

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 liability is discharged, cancelled or expires. 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 statement of comprehensive income.

iii. Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets 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 5 to the financial statements.

- Financial instruments at amortised cost

For financial assets 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 - receivable for securities sold, due from related parties, receivables, prepaid expenses and investment in advance 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 gross 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.

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 statement of financial position when the Fund has 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.

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.

As at 30 June 2023, the Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

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 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 Fund.

d. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, 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.

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.

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

Fund distributions are recognised on an entitlement basis.

2. Summary of significant accounting policies (continued)

f. Expenses

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

Management fees and costs covers certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, administration fees, audit fees and other operating expense.

g. Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

h. Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

i. Foreign currency translation

Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

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/to 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 Fund distributions. Dividends and Fund 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 owed by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement 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 following financial year.

m. Applications and redemptions

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

2. Summary of significant accounting policies (continued)

n. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies 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). 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.

o. Rounding of amounts

The Fund is an entity 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 thousand dollars, unless otherwise indicated.

p. Unconsolidated structures 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 Fund considers all investments in investment funds to be structured entities.

The Fund invests in investment funds for the purpose of capital appreciation and/or earning investment income. These investments are measured at fair value through profit or loss.

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

r. Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Accordingly, custody and administration (\$838) and other expenses (\$1,362) have been reclassified and included in the management fees and costs to align with how expenses are charged to the Fund per the Product Disclosure Statements.

3. Financial risk management

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement 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.

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

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

3. Financial risk management (continued)

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

a. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns to investors.

i. Price risk

The Fund is exposed to price risk on its investments in the Underlying Funds which in turn are exposed to price risk on equity securities listed or quoted on recognised securities exchanges or unlisted investments in unit trusts. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollars, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of 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 moves by +/- 10% (2022: +/-10%).

ii. Foreign exchange risk

The Fund does not hold directly any assets and liabilities denominated in currencies other than the Australian dollar, but the Fund does have indirect exposure through its investments in wholesale funds.

As of 30 June 2023, the Fund is not exposed to any foreign currencies risk (2022: Nil).

iii. Interest rate risk

The Fund's interest rate risk is associated with cash and cash equivalents. Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible limiting the exposure of the Fund to interest rate risk.

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

	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2023			
Financial assets			
Cash and cash equivalents	515	-	515
Receivables	-	1,376	1,376
Due from related parties	-	7	7
Investment in advance	-	20	20
Financial assets at fair value through profit or loss	-	53,956	53,956
Total financial assets	515	55,359	55,874
Financial liabilities			
Distributions payable	-	423	423
Payables	-	454	454
Redemptions payable	-	1,180	1,180
Subscriptions received in advance	-	20	20
Total financial liabilities	-	2,077	2,077
Net exposure	515	53,282	53,797

3. Financial risk management (continued)

a. Market risk (continued)

iii. Interest rate risk (continued)

	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2022			
Financial assets			
Cash and cash equivalents	18	-	18
Receivables	-	99	99
Prepaid expenses	-	15	15
Investment in advance	-	893	893
Financial assets at fair value through profit or loss	-	4,321	4,321
Total financial assets	18	5,328	5,346
Financial liabilities			
Distributions payable	-	2	2
Payables	-	18	18
Redemptions payable	-	90	90
Subscriptions received in advance	-	697	697
Due to related parties	-	28	28
Total financial liabilities	-	835	835
Net exposure	18	4,493	4,511

The impact of the interest rate risk on profit and net assets attributable to unit holders is considered immaterial to the Fund.

b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's 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, 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.

	Impact on operating profit/net assets attributable to unit holders	
	Price risk (Movement in unit prices of the Underlying Funds)	
	+10%	-10%
	\$'000	\$'000
As at 30 June 2023	5,396	(5,396)
As at 30 June 2022	432	(432)

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.

3. Financial risk management (continued)

c. Credit risk (continued)

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 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 consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2023 and 30 June 2022, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of 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 Fund.

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.

ii. Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as the Fund cash and cash equivalents are held with Australia and New Zealand Banking Group Limited with a credit rating of AA- as of 30 June 2023 (2022: AA-).

iii. Other

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

iv. Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

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.

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

3. Financial risk management (continued)

d. Liquidity risk (continued)

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 at reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unit holders' option.

	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2023					
Distributions payable	-	423	-	-	423
Payables	454	-	-	-	454
Redemptions payable	-	1,180	-	-	1,180
Subscriptions received in advance	-	20	-	-	20
Net asset attributable to unit holders – liability	<u>53,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,797</u>
Contractual cash flows (excluding derivatives)	<u>54,251</u>	<u>1,623</u>	<u>-</u>	<u>-</u>	<u>55,874</u>
As at 30 June 2022					
Distributions payable	-	2	-	-	2
Payables	18	-	-	-	18
Redemptions payable	-	90	-	-	90
Subscriptions received in advance	-	697	-	-	697
Due to related parties	28	-	-	-	28
Net asset attributable to unit holders – liability	<u>4,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,511</u>
Contractual cash flows (excluding derivatives)	<u>4,557</u>	<u>789</u>	<u>-</u>	<u>-</u>	<u>5,346</u>

In accordance with the Product Disclosure Statements, the Retail Classes are designed to offer weekly redemptions during normal conditions. To manage liquidity risk, the majority of assets held by the Underlying Funds are liquid as they can be bought and sold in a reasonable time frame and not cause significant fluctuations to the price of the asset. Therefore, the ability of the Fund to meet unit holders' redemptions requests depends on the liquidity of the Underlying Funds.

While the Responsible Entity does not envisage that the contractual maturity in relation to net assets attributable to unit holders - liability disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term, subsequent to the year end, there was an increase in redemptions requests from the unit holders, leading to the freezing of the Fund by the Responsible Entity (see Note 14).

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/liabilities 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.

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

The fair value of the Fund's investments in the Underlying Funds is determined using the unit prices at which the Fund can redeem its investments from or apply for more investments into the Underlying Funds as advised by the Trustee of the Underlying Funds at the reporting date.

b. 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 2023.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2023				
Financial assets				
Unregistered investment funds	-	29,545	24,411	53,956
Total financial assets	-	29,545	24,411	53,956
As at 30 June 2022				
Financial assets				
Unregistered investment funds	-	4,321	-	4,321
Total financial assets	-	4,321	-	4,321

4. Fair value measurement (continued)

c. 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.

The following table presents the transfers between levels for the year ended 30 June 2023 (30 June 2022: nil).

	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Year ended 30 June 2023			
Transfer between levels 2 and 3			
Unregistered investment funds*	-	(24,411)	24,411

* The amount represents investments in PAC Global Fund - Wholesale and PAC Global Esports Fund – Wholesale (“the PAC Global – Wholesale Funds”) held by PAC Global Fund – Retail Class and PAC Global Esports Fund - Retail Class respectively. Subsequent to the year end, the PAC Global – Wholesale Funds’ investments were sold or redeemed with the exception of the illiquid investments in PAC Private 1 Fund (\$3,190,323 for PAC Global Fund - Wholesale and \$2,330,797 for PAC Global Esports Fund - Wholesale). Holdings in the PAC Private 1 Fund were transferred to the Fund (see Note 14 – Events occurring after the reporting period).

As these illiquid investments accounted for 25.9% and 19.3% of the investments held by PAC Global – Wholesale Funds respectively, the Fund’s holding in the PAC Global – Wholesale Funds were transferred to level 3 as at 30 June 2023.

The net tangible asset value of the PAC Private 1 Fund at the reporting date provided by Boutique Capital Pty Limited (the trustee of the PAC Private 1 Fund) was used to fair value these illiquid investments. In determining the net tangible asset value of PAC Private 1 Fund, Boutique Capital Pty Limited estimated the fair value of investments in shares issued by private companies using the last capital raise prices and investments in units of venture funds using the capital statements provided by the fund managers at the reporting date. While the amount represents the best estimate of the fair value of the PAC Private 1 Fund’s investments at 30 June 2023, it should be noted that uncertainty exists as to the timing of the cash flows and whether the full amounts of these investments will be realised.

PAC Global Balanced Fund - Retail Class and PAC Global Growth Fund - Retail have \$608,902 and \$980,572 exposure to PAC Private 1 Fund, accounting for 5.6% and 5.2% of the investments as at 30 June 2023 respectively.

d. Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the year ended 30 June 2023 by class of financial instrument.

	Unregistered investment funds
	\$'000
Opening balance – 1 July 2022	-
Transfer into/(out) from level 3	24,411
Purchases	-
Gains/(losses) on financial assets at fair value through profit or loss	-
Closing balance – 30 June 2023	24,411

4. Fair value measurement (continued)

d. Fair value measurements using significant unobservable inputs (level 3) (continued)

i. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See Note 4(b) above for the valuation techniques adopted.

Description	Fair value \$'000	Unobservable inputs	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
As at 30 June 2023				
Unregistered investment funds	24,411	Net asset value of the underlying funds	10% / (10%)	2,441 / (2,441)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

ii. Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period and are disclosed in Note (d) above.

5. Financial assets at fair value through profit or loss

	30 June 2023 \$'000	As at 30 June 2022 \$'000
Unregistered investment funds (see Note 1)	<u>53,956</u>	<u>4,321</u>
Total financial assets at fair value through profit or loss	<u>53,956</u>	<u>4,321</u>

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.

The Fund does not provide financial support to these investment funds and has no intention to provide financial support.

6. Net assets attributable to unit holders - liability

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

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

	Year ended		Year ended	
	30 June 2023 Units '000	30 June 2023 \$'000	30 June 2022 Units '000	30 June 2022 \$'000
PAC Global Esports Fund - Retail Class*				
Opening balance	726	824	-	-
Applications	10,301	11,067	742	798
Redemptions	(553)	(613)	(16)	(17)
Increase/(decrease) in net assets attributable to unit holders	-	524	-	43
Closing balance	10,474	11,802	726	824
PAC Global Fund - Retail Class*				
Opening balance	807	774	-	-
Applications	11,035	10,866	814	769
Redemptions	(697)	(689)	(7)	(6)
Increase/(decrease) in net assets attributable to unit holders	-	994	-	11
Closing balance	11,145	11,945	807	774
PAC Global Balanced Fund - Retail Class				
Opening balance	1,181	1,095	-	-
Applications	12,072	11,379	1,181	1,136
Redemptions	(1,972)	(1,874)	-	-
Increase/(decrease) in net assets attributable to unit holders	-	432	-	(41)
Closing balance	11,281	11,032	1,181	1,095
PAC Global Growth Fund - Retail Class				
Opening balance	1,961	1,818	-	-
Applications	20,130	19,108	2,035	1,947
Redemptions	(2,886)	(2,808)	(74)	(67)
Increase/(decrease) in net assets attributable to unit holders	-	900	-	(62)
Closing balance	19,205	19,018	1,961	1,818
Closing balance		53,797		4,511

*These classes were closed after the year end. See Note 14.

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

There are four separate classes of units. Each unit within the classes has the same rights attached to it as all the other units of the Fund.

6. Net assets attributable to unit holders – liability (continued)

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 year cannot be reliably determined.

Capital risk management

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

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

7. Distributions to unit holders

	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
Distributions - PAC Global Growth Fund - Retail Class				
June (payable)	320	1.6663	1	0.0790
Total distributions	320	1.6663	1	0.0790
Distributions – PAC Global Balanced Fund – Retail Class				
June (payable)	103	0.9130	1	0.0564
Total distributions	103	0.9130	1	0.0564
Total distributions	423		2	

There were no distributions declared for the year ended 30 June 2023 and 30 June 2022 for PAC Global Esports Fund - Retail Class and PAC Global Fund - Retail Class.

8. Cash and cash equivalents

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank	515	18
Total cash and cash equivalents	515	18

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

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Profit/(loss) for the year	3,273	(47)
Proceeds from sale of financial instruments at fair value through profit or loss	5,479	7
Payments for purchase of financial instruments at fair value through profit or loss	(52,607)	(4,433)
Net gains/(losses) on financial instruments at fair value through profit or loss	(3,338)	38
Net change in investment in advance	873	(893)
Net change in receivables	(480)	(4)
Net change in prepaid expenses	15	(15)
Net change in payables	436	18
Net cash inflow/(outflow) from operating activities	(46,349)	(5,329)

10. Receivables

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
GST receivable	6	4
Distributions receivable	478	-
Investment redemptions receivable	892	95
Total receivables	1,376	99

11. Payables

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Management fees and costs payable	83	5
Performance fees payable	371	13
Total payables	454	18

12. Remuneration of auditors

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

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
KPMG		
<i>Audit and other assurance services</i>		
Audit of financial statements	41,921	10,000
Total auditor remuneration and other assurance services	41,921	10,000
 <i>Taxation services</i>		
Tax compliance services	26,000	3,625
Total remuneration for taxation services	26,000	3,625
Total remuneration of KPMG	67,921	13,625
 PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,346	2,346
Total auditor remuneration and other assurance services	2,346	2,346
Total remuneration of PricewaterhouseCoopers	2,346	2,346

The auditors' remuneration is borne by the Fund. Fees are stated in dollars net exclusive of GST.

13. Related party transactions

The Responsible Entity of PAC Capital Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to PAC Capital Pty Ltd to act as Investment Manager for the Fund, Sandhurst Trustees Ltd to act as Custodian and Apex Fund Services Pty Ltd act as Administrator for the Fund. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Director's

Key management personnel include 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
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	
David B Warren	(appointed 6 March 2023)

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 Fund, directly or indirectly during the financial year.

13. Related party transactions (continued)

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 Fund as at 30 June 2023 (30 June 2022: nil).

d. Key management personnel compensation

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

e. 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.

f. 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 management personnel's interests existing at year end.

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

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive fees.

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
Management fees and costs for the year*	337,782	4,706
Performance fees for the year	372,596	13,385
Management fees and costs payable at year end	82,536	4,706
Performance fees payable at year end	371,010	13,385

*This amount includes management fees incurred with related entities (the Responsible Entity and the Investment Manager, see below) and other costs payable to unrelated parties.

Equity Trustees Limited earned \$65,000 (2022: nil) for Responsible Entity fees provided to the Fund from management fees and costs.

PAC Capital Pty Ltd earned \$183,160 (2022: nil) for Management fees provided to the Fund from management fees and costs. PAC Capital Pty Ltd also earned \$372,596 (2022: \$13,385) for Performance fees.

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

The management fees borne by the Fund 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.

13. Related party transactions (continued)

h. Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Fund as follows:

	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Unit holder							
As at 30 June 2023							
Clearwater Dynamic Portfolio*	-	2,728,365	2,996,877	12.62	2,728,365	-	-
DMG Diversified Portfolio*	-	9,744,162	10,703,132	45.07	9,744,162	-	-

*Holding in PAC Global Esports Fund - Retail Class and PAC Global Fund - Retail Class.

As at 30 June 2022, parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Fund.

i. Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2022: nil).

j. Investments in the Fund held by the Investment Manager's key management personnel and its funds

The Investment Manager's key management personnel and its funds under management held the units in the Fund as follows:

	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Unit holder							
As at 30 June 2023							
Clayton Mark Larcombe	3,993	3,993	4,159	0.01	-	-	26
PAC Capital Pty Ltd	20,007	20,022	19,704	0.07	15	-	259
Global Balanced Fund – Wholesale*	22,895	399,714	437,762	1.84	376,819	-	-
Global Growth Fund – Wholesale*	37,826	1,208,240	1,325,831	5.58	1,170,414	-	-
Sebastian Lander	10,003	31,375	31,005	0.10	21,372	-	485

13. Related party transactions (continued)

j. Investments in the Fund held by the Investment Manager's key management personnel and its funds (continued)

	Number of units held opening	Number of units held closing	Fair value of investment	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
Unit holder							
As at 30 June 2022							
Clayton Mark Larcombe	-	3,993	3,942	0.00	3,993	-	1
PAC Capital Pty Ltd	-	20,007	18,550	1.00	20,007	-	14
Global Balanced Fund – Wholesale*	-	22,895	23,874	2.99	22,895	-	-
Global Growth Fund – Wholesale*	-	37,826	39,444	4.94	37,826	-	-
Sebastian Lander	-	10,003	9,275	0.32	10,003	-	7

*Investment in PAC Global Esports Fund - Retail Class and PAC Global Fund - Retail Class.

14. Events occurring after the reporting period

To protect the interest of unit holders following media reports, the Responsible Entity of PAC Capital Fund, on 14 August 2023, suspended all applications or redemptions for the 7 August 2023 Net Asset Value date and onwards across the four classes of the Fund in accordance with the provision of the Fund's Constitution that allows the suspension of transactions.

On 19 September 2023, the Responsible Entity, in consultation with the Fund's Investment Manager, determined that the two of the Fund's Retail Classes, PAC Global Esports Fund – Retail Class and the PAC Global Fund – Retail Class were both no longer commercially viable and unable to meet their investment objectives. As a result, the assets of the classes held by the Underlying Funds were sold or redeemed with the exception of the illiquid investments in PAC Private 1 Fund. The cash proceeds (\$7,334,426 for PAC Global Esports Fund –Retail Class and \$6,353,070 for PAC Global Fund – Retail Class) have been progressively returned to unit holders.

The illiquid investments in PAC Private 1 Fund, whose fair value was estimated using the net tangible asset value of PAC Private 1 Fund provided by Boutique Capital Pty Limited as the trustee of PAC Private 1 Fund at the reporting date, held by the Underlying Funds (\$2,330,797 for PAC Global Esports Fund – Retail Class and \$3,190,323 for PAC Global Fund – Retail Class) were in-specie transferred to the Fund and are now held directly by the Fund.

The remaining two classes, PAC Global Balanced Fund – Retail Class and PAC Global Growth Fund – Retail Class have changed their structure from investing in Underlying Funds which held the assets of the respective class to now directly holding the assets. On 19 September 2023, the Responsible Entity decided to lift the previous suspension issued on 14 August 2023 for these two classes and allow applications and redemptions to recommence.

14. Events occurring after the reporting period (continued)

No other 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 2023 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 outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 32 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date.
- b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- c. Note 2(a) 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 Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman
Melbourne
12 January 2024



Independent Auditor's Report

To the unitholders of PAC Capital Fund

Opinion

We have audited the **Financial Report** of PAC Capital Fund (the Fund).

In our opinion, the accompanying **Financial Report** of PAC Capital Fund is in accordance with the *Corporations Act 2001*, including

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

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2023
- Statement of comprehensive income for the year then ended
- Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the relevant 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 fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Subsequent event impacting liquidity of investments

We draw attention to Note 4(c) and Note 14 to the financial statements describing the illiquid investments and their transfer from level 2 to level 3 fair value hierarchy as at 30 June 2023 arising from the sale of investments in two underlying funds associated with PAC Global Esports Fund – Retail Class and PAC Global Fund – Retail Class subsequent to year end. Our opinion is not modified in respect of these matters.



Other Information

Other Information is financial and non-financial information in the PAC Capital Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Equity Trustees Limited are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors of Equity Trustees Limited are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.



A further description of our responsibilities for the Audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

A handwritten signature in black ink that reads 'Quang Dang' in a cursive style, with a horizontal line underneath the signature.

Quang Dang
Partner

Sydney
12 January 2024