UGC PLATINUM ALPHA FUND

Annual Report

30 June 2023

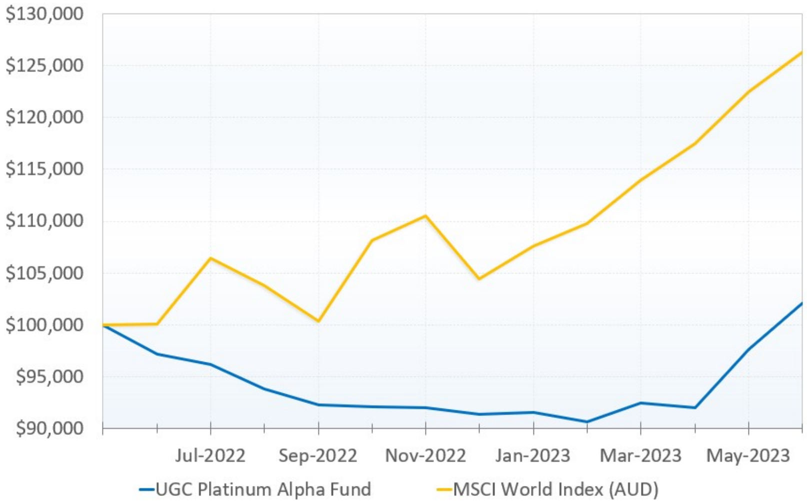
UGC Platinum Alpha Fund

Annual Report - 30 June 2023

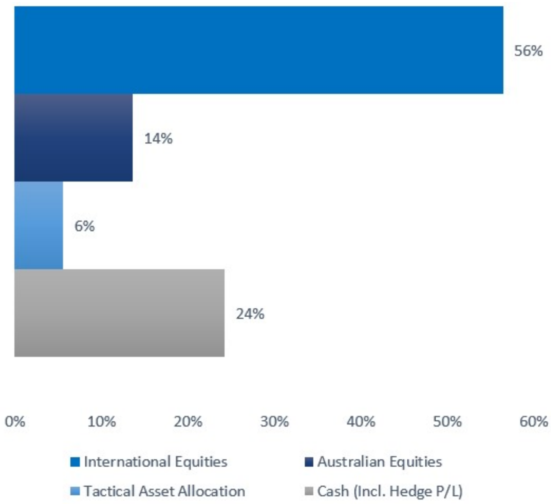
Fund Returns	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	Total Return Since Inception (% pa)
UGC Platinum Alpha Fund	**4.56%**	**10.37%**	**11.69%**	**4.98%**	**2.04%**
MSCI World Index (AUD)	3.10%	7.49%	17.25%	22.43%	21.05%
Versus Benchmark	1.46%	2.89%	-5.56%	-17.45%	-19.01%

*Fund Inception 10th June 2022

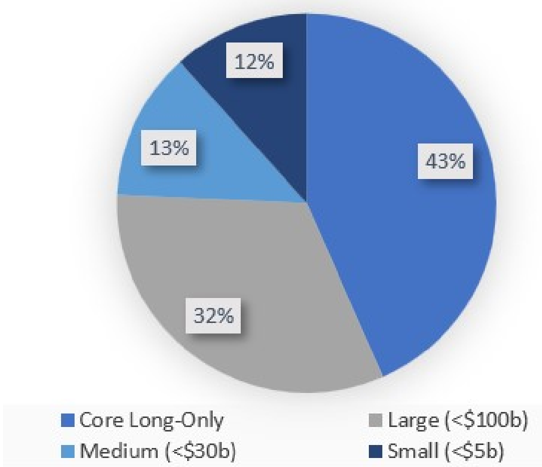
Value of A$100K Invested (AUD)



Asset Allocation



Investment by Market Cap. (AUD)



Key Information	
Investment Manager	UGC Asset Management Pty Ltd
Trustee	VT No. 2 Pty Ltd
Fund Inception	June 2022
Min. Investment Amount	$50,000
Management Fee	1.5% per annum
Performance Fee	15% subject to Hurdle Rate and High Watermark
Recommended Investment Time	5+ Year

Annual Report

The last 12 months has been a story of two starkly different halves. The July through December period was characterised by rapidly rising interest rates, eye wateringly high inflation and fears of an impending recession leading to significant negative investor sentiment. Markets had a decent dose of Volatility from June 30 to the end of December as measured by the CBOE Volatility Index or the VIX , which swung regularly for the highest levels in the mid 30's to lows in the high teens. For reference when the VIX is trading in the mid 30's you would expect the S&P 500 to move approximately 1.8%-2% daily (and more for high beta Nasdaq indexes) and as the VIX rises it is an indicator of uncertainty, increased risk and high volatility. Since the beginning of the year the VIX has been seen a steady decline last spiking in March around the regional banking crisis for 8 days however, it has since recommenced its steady decline into the low teens.

October delivered the lows for the year which correlated with the VIX touching 35, with broader US indexes bottoming on the 13th October. The S&P 500 and Dow Jones Industrial Average both managed to pick themselves off the canvas and put in some stronger momentum to year end while the technology heavy indexes of the Nasdaq

UGC Asset Management Pty Ltd | Level 33, 360 Collins Street, Melbourne, Victoria, 3000, Australia

Office: 61 3 8657 7640 | Fax: 61 3 8657 7641 | Email: info@ugc.net.au | www.ugc.net.au

retested October lows as we headed into the end of December 2022. Everything changed on January 6th. The appetite returned for growth stocks in 2023 as sentiment turned, initially on the back of falling energy prices and a China Re-opening story then followed by signs of an accelerating decline in headline inflation. Rate hikes remained front of mind for investors and in March the impact of this most recent steepening of hikes was laid out for all to see as we witnessed the collapse of a Silicon Valley Bank, Signature Bank and contagion (not the pandemic kind) ripped through the US regional banking sector. This crisis delivered a windfall for technology, in particularly mega cap technology as investors looked for the relative safety of Mega Cap tech balance sheets to shield them from the first and second order effects of a total regional banking collapse.

This resulted in the second best quarter for the Nasdaq Composite index in the past decade, posting a gain of 17.5%, trailing only the remarkable 30% surge in the second quarter of 2020 during the post-Covid rally. Leading the charge NVIDIA Corp (NVDA), Apple Inc. (AAPL), Microsoft Corporation (MSFT), Meta Platforms (META), and Tesla Inc. (TSLA), all major contributors to the overall performance of both the Nasdaq Composite and Nasdaq 100 Indexes. This was followed up by another stellar June quarter from the technology headliners but also highlighted the narrowness of stock participation in the year to date rally. Earnings supported moves higher in the mega caps but the same was not evident initially for the smaller and mid cap companies until the end of the June where we began to see some broadening out of stock participation, early days but the broadening of stock participation is key to this rally turning into a fully fledged Bull market.

The last 12 months delivered starkly different environments, October the yearly lows and then a total about face to ring in the new year. The Nasdaq Composite improved by 25.02% with the more concentrated Nasdaq 100 index climbing another 31.95%, all of that over the first 6 months of 2023. The S&P 500, lagged the tech heavy indexes but delivered 17.57% while the Dow Jones lagged improving by 11.8% most of which was generated in the period off the lows in October to early December before trading sideways for most of 2023. Closer to home we saw the S&P ASX 200 track much like the Dow Jones, delivering solid recovery initially off the October lows only to stall in 2023 with the 12 month returns +9.67%. The fund benchmark returned 22.43% over the last 12 months.

About the Strategy

Investment and trading activities are conducted in global equity markets. The managers will typically seek returns from share price appreciation while managing the funds down side risks through the use of hedging techniques and its allocation to cash. The strategy is a total return focused, concentrated, capital growth biased investment approach with a specific focus on medium to long term investments in largely growth focused listed shares across the worlds major investment markets. The managers also have the ability to utilise leverage and short selling to manage risks and generate returns.

Target Return

The Investment Manager is targeting an after fee, pre-tax return of the greater of 3% per annum above the MSCI World Index (AUD) or 13% per annum on an absolute basis over a rolling 5 years period.

Strategy Type

Total return focused concentrated global equity fund

Asset Allocation

Global Growth

Benchmark

MSCI World Index (AUD)

Performance Fee

15% (plus GST) of returns generated by the Fund above 10% for any Financial Year, subject to the Fund exceeding its High Watermark.

Central Bank Policy

Central bank policy makers have maintained their fiscal tightening stance and continued to hike rates aggressively. The US Federal Reserve which had embarked on the first rate hikes in early 2022 continued with a further 7 hikes taking the Fed Funds rate from a 1.5-1.75% range all the way to 5-5.25% range, adding 350bps to the end of May 2023 before taking a breather at its most recent meeting in June. The European Central bank followed the path set by the US with a series of aggressive hikes to take the base rate to 4% while closer to home the RBA initiated 325bps of hikes to take the RBA target cash rate from 0.85 in June 2022 to 4.1% in June 2023. The speed of which interest rate hikes have occurred has been a major contributor to asset prices coming under such significant pricing pressure during much of 2022, in particular longer dureation investments such a growth equities however the aggressive hiking also hit the relative safety of bonds as the new normal forced significant Mark-to-Market repricing of existing government and corporate debt resulting in many fixed income managers having to take the decision to hold onto the lower yielding debt or accept a haircut and invest into new issued higher yielding bonds.

Initially it appeared no end in site for the hiking cycle but move forward 12 months and with a hold at the most recent US Federal Open Market committee meeting points to the probabilities that rates have peaked or perhaps only 1 maybe 2 more ahead in 2023, this will largely be dictated by inflationary data and while headline inflations is falling quickly the stickiness in Housing and shelter, wage growth and extremely strong jobs picture may point to a Fed willing to inflict some more pain ahead. Locally the much vaunted mortgage cliff has now commenced its rollover, that is mortgages settled 2 years ago when rates sat at 0.15bps are now rolling over into new floating rates with a target cash rate at 4.1% pointing to borrows having to manage interest payments likely in in the 6-7% range.

Inflation Commentary

High rates of inflation continued to drive much of the narrative over the last 12 months and the key driver to interest rate policy by central banks the world over. In key regions such as the US, Australia and parts of Europe saw inflation rates begin to peak while emerging economies saw astonishing rates of inflation.

In the US the rate of inflation peaked in July 2022 when US CPI for June was reported at 9.1%, the highest level in over 40 years however over the following months we saw the headline CPI begin to cool as many of the commodities that had seen sharp spikes in price after the Russian invasion of the Ukraine begin to moderate and eventually fall, with many input commodities across the energy sector such as oil, gasoline, and heating oil experiencing double digits declines with other commodities this preceded what became a significant sell off across several commodities in particular metals such as silver, copper, steel and iron ore and the agricultural segment, such as lumber, wheat, soybeans, canola and corn.

The falls across commodity inputs is only part of the story and while the inflation rate in the US has declined significantly and last reported at 3% there are still several areas where inflation remains sticky. This stickiness remains concerning for the Federal Reserve, while much work has been done to alleviate many of the rising cost pressures there remains risks that inflation could accelerate again if areas such as unemployment remains at its current low levels and average wages rising ahead of inflation. The US has set the trend on inflation and the rest of the world is expected to follow the cooling trends in due course especially s central bank policy remains tight.

Back home in Australia our rates of inflation have lagged the US as we saw a peak in the quarterly rate of inflation at 7.8% in December 2022 while the monthly rate saw a peak at 8.4% in December, note that in Australia the quarterly rate of inflation is still viewed as a better indicator than the monthly CPI. Rates of inflation have seen a cooling in Australia with monthly CPI coming it at 5.6% and expectations that the cooling in quarterly CPI as indicated by the drop in March to 7% will reflect in the June quarter to be released at the end of July. In similar circumstances to the US the concerns of the RBA include the strong employment figures, increasing wages and housing costs are weighing on the ongoing stickiness of inflation and while we enter the end zone of the hiking cycle it remains likely that we will see higher for longer rates.

Recession Risk

Looking closer to home the risk Australia falls into recession continued to increase during the last 12 months. Australia's inflation rates and subsequent policy adjustments lagged that of the US and European economies. For instance Australia's inflation rate peaked in December last year, a significant lag to that of the US. The big risk for the Australian economy is that rising rates which we have eluded to previously crushes economic activity sending us into recession. Real household disposable income is falling and more falls are expected as large volumes of fixed rate mortgages roll into much higher variable rates through the back half of 2023 and early 2024. How this affects Australian economic activity will become clearer over the next 6-12 months however as households begin to face higher rates of mortgage stress the probabilities of the RBA navigating the pathway to a so called soft landing become narrower. In the US with inflation showing clear signs of cooling we are now entering a new phase of interest rate policy, will it be higher for longer or will we see cuts in the short term? For now the US consumer is displaying remarkable resiliency and broader economic activity remains robust despite the dire forecasts from many economists. GDP growth remains positive all be it lower than previous years and the employment backdrop is just about as good as it gets. While Americans still have jobs the economy will hum along, and this can remain the sate of play until all of a sudden it isn't, a couple of months of unemployment surprising to the upside could be the sign of problems ahead, it's at this point the much vaunted soft landing probabilities will be thrown out the window but for know this is not the case. The unemployment rates in both countries continue to show resilience with the US unemployment rate currently tracking at 3.6% and the Australian unemployment rate sitting at 3.5%- this is an area we will be watching closely for signs of impending economic slowdowns.

Portfolio Activity & Positioning

The fund achieved its first full year of operation after receiving its initial investment in June 2022 and the investing environment during the last 6 months is in stark contrast to the initial 6 month period. We took a conservative approach to deploy capital across the portfolio of stocks as volatility and the investment backdrop was increasingly negative. We gradually deployed some capital through July and August in small tranches before portfolio hedging activities took place as broader market trends deteriorated after peaking in August. Markets put in new lows through October and throughout this period the fund retained substantial reserves of cash with very low levels of exposure to the general markets, this positioning was in place to protect investor capital as patience was paramount to allow for market volatility to subside. With a portfolio of high beta stocks relative to the benchmark and Nasdaq 100 index, hedging remained in place through the end of 2022 alongside a large cash allocation. With cost pressures rising, interest rates increasing to levels not seen since the Global Financial Crisis and a probable recession looming, the defensive posture of the fund had it well placed to see in the start of 2023.

The investment landscape for 2023 has delivered a very different environment, early signs began to emerge towards the end of January and momentum continued to increase through the March quarter. This presented opportunities to increase overall market exposure as we began to unwind some of the hedges that had been in place through the end of 2022 while also re-positioning the portfolios risk management strategy, this was achieved by closing the balance of the short position in the US Tech 100 NAS CFD and trimming portfolio positions by approximately one-third with the remaining portfolio exposure employing a trailing hedge on the US Tech 100 NAS CFD with key technical trigger points for implementation.

During the March quarter we began to see signs of an improving investing landscape despite broader macro-economic headwinds. In a welcome development stocks began to present more attractive set-ups than what we had seen 3 and 6 months ago with idea generation identifying more and more candidates for the portfolio. This period also saw the emergence of the Mega Cap tech trade which has been the talk of the town for 2023 with names such as Nvidia, Meta Platforms, Netflix, Tesla, Microsoft, Amazon and Alphabet all surging higher. The positive stock action, in particular within mega cap technology saw portfolios begin to gain traction as we increased net market exposure. The arrival of a Regional Banking crisis that had the potential to wreak havoc with investor confidence was quickly resolved as regulators and banks came together crush any contagion however this resulted in a significant inflow of investment capital towards the perceived safety of the largest technology companies and their fortress balance sheets. Throughout this period we took the opportunity to strategically increase existing positions in Tesla (TSLA:US), Amazon.com (AMZN:US), Alphabet (GOOGL:US) and Microsoft (MSFT:US), while also incrementally adding exposure across the portfolio to achieve the desired net market exposure. After 2 years of almost no constructive stock price action in growth stocks, we have seen far better technical set-ups across our watchlist of stock ideas which resulted in several new names going into the portfolio. Stocks that had been on our radar for a long period of time finally presented attractive entry points and we initiated new positions in Monster Beverages Inc. (MNST:AU), Visa (V:US), Mastercard (MA:US), ASML Holdings (ASML:US) , Shopify Inc. (SHOP:US) and AutoStore Holdings Ltd in Oslo (AUTO.OL).

UGC Platinum Alpha Fund

Annual Report - 30 June 2023

The last 12 months has been a story of 2 halves, the first half was filled with dire economic forecasts, fears of recession and heightened volatility while the second half has been one of exuberance and the return of positive investor sentiment alongside significantly lower volatility. Performance at an index level has seen concentration of which investors in the fund have benefitted from and as we come into the end of the 12 months the emergence of increasing stock participation provides greater optimism that there are positive signs ahead. While the technical price action is constructive we are always cognisant of speedbumps and hiccups along the way and remain focussed on identifying hedging levels across the portfolio through our trailing portfolio hedges which we continue to increase as the markets provides additional levels of support, this will be carried out in conjunction with strategic hedging when markets appear extended and we will take some risk off as we did in June.

As indicated by the inclusion of several new stocks and some of the tactical positioning with the fund, the proliferation of stocks setting up in a technical sense has continued to improve over the last 6 months, this also coincides with the broader portfolio gaining traction. The next phase of increasing exposure of portfolios to the market, should the right environment present is likely to include new stocks coming into the portfolio, should we begin to see a broadening out of participation over the next leg up we are likely to see greater returns emanating from the Mid/Large cap and then Small to Mid Cap stock names. The current portfolio positioning and cash weight is reflective of our view to protect the gains for this year but at the same time be ready to pounce on those next leaders as a broadening out of stock leadership gains traction. We continue to remain cautiously optimistic that the worst is behind us, and this is reflected by the “one foot at the door” portfolio setting which delivers a degree of flexibility to take advantage the most encouraging signs for growth stocks in more than 2 years.

Huw Davies *Ma (Fin & Bnkg)*
Co-Portfolio Manager/Senior Investment Analyst

Joel Hewish *B.Bus (Bank & Fin), GDipAppFin*
CEO/Chief Investment Officer

General Disclaimer:

UGC ASSET MANAGEMENT

UGC Platinum Alpha Fund

Monthly Report - 30 June 2023

Platinum Alpha Fundamental Review

Name	Revenue Growth			EPS Growth			ROA			ROE			PE			PEG		Cash / Debt
Australian Equities	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023-24**	**2024-25**	**Cash/ Debt**
AEF - Australian Ethical Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62.2
CAR - Carsales.com Ltd	49.5%	27.4%	10.3%	34.7%	15.6%	12.3%	8.0%	7.9%	8.9%	12.6%	9.7%	10.8%	33.4	28.9	25.7	1.3	2.1	0.1
CTD -Corporate Travel Management	77.5%	28.7%	9.7%	2674%	79.9%	13.1%	6.6%	10.2%	10.8%	8.4%	13.0%	14.0%	31.9	17.8	15.7	0.0	0.4	3.1
HUB - Hub24 Ltd	45.8%	17.9%	16.7%	236.7%	22.8%	26.2%	11.9%	13.7%	16.3%	11.3%	14.1%	15.5%	39.4	32.0	25.4	0.3	1.3	0.9
JIN - Jumbo Interactive Ltd	18.5%	23.1%	11.6%	10.6%	27.9%	19.0%	32.8%	40.0%	42.5%	33.7%	42.2%	49.3%	26.6	20.8	17.5	1.4	0.9	3.6
NWL - Netwealth Group Ltd	26.3%	20.1%	16.5%	21.8%	28.1%	20.6%	71.0%	81.0%	87.1%	59.8%	66.4%	68.7%	49.6	38.7	32.1	2.0	1.6	6.2
REA - REA Group Ltd	-17.0%	14.0%	12.1%	-2.9%	23.0%	18.5%	17.1%	19.5%	21.1%	26.8%	28.4%	29.1%	48.8	39.7	33.5	4.9	1.9	0.6
XRO - Xero Ltd	21.0%	17.5%	16.6%	227.6%	60.1%	40.9%	7.4%	10.4%	13.7%	13.1%	17.7%	19.9%	135.3	84.5	60.0	0.9	1.7	1.0
International Equities	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023-24**	**2024-2025**	**2023**
ABNB - Airbnb Inc	13.2%	13.4%	14.0%	23.8%	16.1%	23.1%	14.7%	14.9%	14.8%	35.6%	30.7%	25.3%	37.2	32.1	26.1	1.9	1.6	4.8
ADSK - Autodesk Inc	8.1%	11.6%	10.7%	92.9%	14.9%	15.0%	13.5%	15.5%	14.0%	100.8%	165.9%	66.1%	29.3	25.5	22.2	0.5	1.7	0.9
AUTO—AutoStore Holdings Ltd	23.7%	22.5%	27.9%	105.3%	33.3%	33.3%	11.5%	14.2%	16.6%	15.1%	18.0%	19.0%	39.0	29.3	22.0	0.6	0.9	0.4
AMZN - Amazon.com Inc	9.1%	11.6%	11.6%	690.2%	63.7%	43.8%	4.3%	6.1%	6.5%	13.1%	17.1%	16.2%	79.6	48.6	33.8	0.2	0.9	0.8
ASML—ASML Holding NV	25.3%	12.6%	16.2%	16.7%	21.5%	25.8%	19.8%	21.5%	25.4%	73.6%	72.3%	72.2%	35.3	29.0	23.1	1.8	1.2	0.0
APO - Apollo Global Management Inc	31.6%	-17.2%	47.5%	218.2%	18.6%	14.5%	-	-	-	63.5%	51.2%	70.0%	11.7	9.9	8.6	0.1	0.6	0.0
FB - Meta Platforms Inc	8.5%	10.8%	10.7%	28.3%	24.7%	16.2%	16.6%	17.9%	15.5%	24.7%	25.7%	23.0%	24.0	19.2	16.5	0.9	0.9	3.8
GOOGL - Alphabet Inc	6.0%	10.9%	10.8%	16.9%	17.3%	17.3%	18.5%	19.2%	17.8%	28.0%	28.0%	26.4%	23.3	19.8	16.9	1.4	1.1	8.1
LPLA - LPL Financial Holdings Inc	15.0%	9.1%	9.1%	61.8%	8.2%	16.7%	12.3%	9.6%	9.1%	51.2%	47.2%	43.8%	12.4	11.5	9.8	0.4	0.9	1.0
MA—Mastercard Inc	13.3%	13.7%	13.3%	20.0%	18.7%	19.0%	29.9%	31.8%	33.4%	175.6%	179.4%	173.5%	30.7	25.8	21.7	1.6	1.4	0.5
MSFT—Microsoft Corp	6.5%	11.4%	12.3%	0.1%	13.4%	14.5%	20.5%	19.2%	19.5%	39.3%	34.1%	32.4%	35.5	31.3	27.3	5.3	2.2	1.6
MNST—Monster Beverage Corp	13.1%	10.9%	11.2%	37.8%	16.1%	14.7%	18.7%	19.9%	20.9%	21.9%	23.0%	23.6%	37.9	32.7	28.5	1.4	2.1	0.0
NFLX—Netflix Inc	7.3%	12.5%	11.1%	21.8%	28.8%	26.2%	11.4%	13.6%	15.3%	21.4%	24.4%	25.8%	38.8	30.1	23.9	1.5	1.1	0.4
NVDA—NVIDIA Corp	58.6%	27.3%	17.2%	346.4%	33.5%	21.4%	34.6%	39.1%	33.8%	58.0%	56.3%	46.3%	54.9	41.1	33.9	0.3	1.5	1.2
NOW—ServiceNow Inc	21.9%	21.8%	21.4%	496.1%	24.5%	23.3%	9.8%	9.8%	9.6%	25.8%	22.2%	18.2%	59.4	47.7	38.7	0.2	2.0	2.9
PANW—Palo Alto Networks Inc	25.4%	21.6%	19.2%	572.8%	16.7%	17.6%	8.9%	8.8%	9.2%	131.3%	59.3%	35.8%	57.7	49.4	42.1	0.2	2.9	1.0
TENB—Tenable Holdings Inc	14.3%	14.8%	14.9%	171.5%	31.2%	40.2%	4.6%	5.1%	6.4%	22.7%	24.5%	27.9%	70.6	53.8	38.4	0.7	1.5	1.6
TSLA—Tesla Inc	22.0%	28.6%	21.9%	-4.5%	40.3%	19.8%	13.3%	16.1%	14.5%	21.9%	24.1%	24.2%	75.3	53.7	44.8	4.2	1.8	8.3
V—Visa Inc	11.2%	11.0%	11.1%	22.8%	13.8%	14.1%	21.1%	22.0%	21.8%	46.5%	47.4%	47.2%	26.6	23.4	20.5	1.5	1.7	0.9
WDAY—Workday Inc	16.0%	17.0%	18.0%	470.8%	19.8%	23.3%	4.6%	5.7%	5.5%	14.7%	14.9%	13.3%	41.7	34.8	28.2	0.2	1.6	2.1
SHOP—Shopify Inc	20.1%	18.0%	22.0%	112.0%	71.0%	60.3%	2.1%	7.2%	7.4%	1.5%	6.0%	8.2%	197.4	115.4	72.0	2.2	1.8	5.5
AVERAGE	21.13%	15.80%	15.91%	240.16%	28.69%	23.23%	16.50%	18.51%	19.16%	41.15%	41.55%	37.35%	49.4	36.7	28.9	1.3	1.5	4.3
AVERAGE (excluding outliers)	21.13%	15.80%	15.91%	51.41%	28.69%	23.23%	16.50%	18.51%	19.16%	41.15%	41.55%	37.35%	49.4	36.7	28.9	0.9	1.5	2.2
S&P 500	1.67%	4.98%	4.76%	0.49%	11.80%	10.67%	-	-	-	-	-	-	18.3	16.35	14.77	3.0	1.5	
ASX 200	5.66%	1.64%	1.74%	5.03%	0.75%	0.77%	-	-	-	-	-	-	14.6	14.5	14.4	5.1	19.2	

Revenue Growth: refers to an increase in revenue over a period of time.

EPS: Earnings per share (EPS) is a company's net profit divided by the number of common shares it has outstanding.

PE Ratio: The price-to-earnings (PE) ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

PEG Ratio: The price/earnings to growth ratio (PEG ratio) is a stock's price-to-earnings (P/E) ratio divided by the growth rate of its earnings for a specified time period.

Cash to Debt Ratio: The cash ratio is a liquidity measure that shows a company's ability to cover its short-term obligations using only cash and cash equivalents.

United Global Capital Pty Ltd | Level 33, 360 Collins Street, Melbourne, Victoria, 3000, Australia

Office: 61 3 8657 7640 | Fax: 61 3 8657 7641 | Email: info@ugc.net.au | www.ugc.net.au