

**INTERNATIONAL TITANS BASKET LIMITED**

**Annual Report and Financial Statements**

**For the year ended 30 September 2023**

# INTERNATIONAL TITANS BASKET LIMITED

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# INTERNATIONAL TITANS BASKET LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION

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**DIRECTORS:**

Janine Lewis  
David Stephenson  
Keri Lancaster-King

**ADMINISTRATOR, SECRETARY  
AND REGISTRAR:**

Sanne Fund Services (Guernsey) Limited  
1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey  
GY1 2HL

**INVESTMENT ADVISER:**

Investec Corporate and Institutional Banking  
36 Hans Strijdom Avenue  
Foreshore  
Cape Town 8001  
South Africa

**REGISTERED OFFICE:**

1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey  
GY1 2HL

**INDEPENDENT AUDITOR:**

Grant Thornton Limited  
St James Place  
St James Street  
St Peter Port  
Guernsey  
GY1 2NZ

**BANKERS:**

Investec Bank (Channel Islands) Limited  
PO Box 188  
Glategny Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 3LP

**COMPANY REGISTRATION NO:**

52616

# INTERNATIONAL TITANS BASKET LIMITED

## REPORT OF THE DIRECTORS

For the year ended 30 September 2023

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The Directors present the annual report and the audited financial statements ("the financial statements") of International Titans Basket Limited ("the Company") for the year ended 30 September 2023.

### Principal Activity

The principal activity of the Company is that of a limited life investment holding company.

The Company is a Guernsey Registered closed-ended investment company and is subject to the Registered Collective Investment Scheme Rules and Guidance 2021. The Company is listed on the Bermuda Stock Exchange.

### Going concern

Under the terms of the Company's prospectus, following a successful fund raising in October 2021, the life of the Company was extended for a period of five years from 26 October 2021. In the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate between October 2026 and October 2027.

During the year, the war in Ukraine has continued to impact upon financial markets. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

- The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;
- Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;
- The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and
- During the year and subsequent to the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

### Results and Dividends

The Statement of Comprehensive Income is set out on page 10. The Directors do not propose a dividend for the year (2022: Nil).

### Directors

The Directors of the Company during the year and to date are detailed below.

Janine Lewis

David Stephenson

Keri Lancaster-King

### Directors' and Other Interests

Janine Lewis is a Director of the Company and a director of Sanne Fund Services (Guernsey) Limited ("SFSGL"), the Company's Administrator, Secretary, Custodian and Registrar, David Stephenson is a Director of the Company and an employee of SFSGL and Keri Lancaster-King is a Director of the Company and a director of SFSGL.

# INTERNATIONAL TITANS BASKET LIMITED

## REPORT OF THE DIRECTORS (continued) For the year ended 30 September 2023

### Directors' and Other Interests (continued)

During the year, no Director has had any beneficial interest in the shares of the Company.

No Director of the Company, or Investec Corporate and Institutional Banking ('ICIB'), the Investment Advisor to the Company, holds any right, either contingent or otherwise, to subscribe for shares in the Company.

Details of fees paid to SFSGL and ICIB during the year are contained in notes 5, 9 and 17 to these Financial Statements.

No fees were paid to the Directors by the Company during the year.

### Historical Results

The results and assets and liabilities of the Company for the last 5 years are as follows:

	Total Assets AUD	Total Liabilities AUD	Total Comprehensive Income AUD
Year ended 30 September 2023	184,795,329	231,251	5,978,099
Year ended 30 September 2022	178,616,234	30,255	9,813,932
Year ended 30 September 2021	254,189,041	1,269,652	24,790,457
Year ended 30 September 2020	228,250,211	121,279	6,141,653
Year ended 30 September 2019	228,088,825	101,546	22,613,038

### Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost AUD	Carrying Value AUD
Investec Bank Limited Senior Unsecured Zero Coupon Notes	95.0%	133,655,286	167,457,710
Credit Suisse International Index Option	5.0%	16,560,442	8,893,874
		<u>150,215,728</u>	<u>176,351,584</u>

Investec Bank Limited and Credit Suisse International are providers of financial services.

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with The Companies (Guernsey) Law, 2008.

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for the financial year.

Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable appropriate accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

# INTERNATIONAL TITANS BASKET LIMITED

## REPORT OF THE DIRECTORS (continued) For the year ended 30 September 2023

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### Statement of Directors' Responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

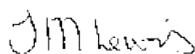
The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with IFRS, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

### Independent Auditor

Grant Thornton Limited ('GT') has expressed its willingness to continue in office and a resolution to re-appoint GT as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



**Janine Lewis**

**Director**

**29 January 2024**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of International Titans Basket Limited**

#### **Opinion**

We have audited the financial statements of International Titans Basket Limited (the "Company") for the year ended 30 September 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the financial statements, including a summary of significant accounting policies. The financial statements framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Standards Board (IASB).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its financial performance and its cashflows for the year then ended;
- are in accordance with IFRSs as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 and 6, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs as issued by the IASB, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of International Titans Basket Limited (continued)**

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Jeremy Ellis.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## INDEPENDENT AUDITOR'S REPORT

To the members of International Titans Basket Limited (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

DocuSigned by:  
  
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**Grant Thornton Limited**

Chartered Accountants

St Peter Port

Guernsey

Date: 29 January 2024

# INTERNATIONAL TITANS BASKET LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2023

	Notes	2023 AUD	2022 AUD
<b>INCOME</b>			
Interest income	6	6,449,637	5,668,497
<b>GAINS/(LOSSES) ON INVESTMENTS</b>			
Gains/(losses) on investments at fair value through profit and loss	7	3,375,037	(10,830,277)
		<u>9,824,674</u>	<u>(5,161,780)</u>
Operating expenses	9	(2,680,663)	(2,286,759)
Foreign exchange gains/(losses)		8,831	(25,841)
		<u>7,152,842</u>	<u>(7,474,380)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>			
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
<i>Items reclassifiable to profit and loss</i>			
Foreign exchange translation (losses)/gains	16	(1,174,743)	17,288,312
		<u>5,978,099</u>	<u>9,813,932</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>Earnings/(loss) per share</b>			
Basic and diluted earnings/(loss) per A Class share	10	<u>111.54</u>	<u>(112.38)</u>
Basic and diluted earnings/(loss) per B Class share	10	<u>111.54</u>	<u>(112.38)</u>

There are no recognised gains or losses other than those reported above.

The notes on pages 14 to 27 are an integral part of these financial statements.

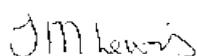
# INTERNATIONAL TITANS BASKET LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	2023 AUD	2022 AUD
<b>NON-CURRENT ASSETS</b>			
Investments at fair value through profit and loss	7	8,893,874	5,511,041
Investments at amortised cost	8	167,457,710	162,418,716
		<u>176,351,584</u>	<u>167,929,757</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	281,721	197,461
Long-term deposits		7,286,779	8,644,463
Cash and cash equivalents		875,245	1,844,553
		<u>8,443,745</u>	<u>10,686,477</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<u>(16,855)</u>	<u>(18,202)</u>
<b>NET CURRENT ASSETS</b>			
		8,426,890	10,668,275
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	12	<u>(214,396)</u>	<u>(12,053)</u>
		<u>184,564,078</u>	<u>178,585,979</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	732	732
Share premium	14	109,252,899	109,252,899
Retained earnings	15	52,095,963	44,943,121
Translation reserve	16	23,214,484	24,389,227
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
		<u>184,564,078</u>	<u>178,585,979</u>
Number of fully paid A Class shares		39,958.684	39,958.684
Number of fully paid B Class shares		24,168.501	24,168.501
Net Asset Value per A Class share		<u>AUD 2,878.09</u>	<u>AUD 2,784.87</u>
Net Asset Value per B Class share		<u>USD 1,854.93</u>	<u>USD 1,782.04</u>

The financial statements were approved and authorised for issue by the Board on 29 January 2024 and signed on its behalf by:



**Janine Lewis**  
Director

The notes on pages 14 to 27 are an integral part of these financial statements.

# INTERNATIONAL TITANS BASKET LIMITED

## STATEMENT OF CHANGES IN EQUITY For the year ended 30 September 2023

	Management Shareholders	A and B Class Shareholders			Total	
	Share capital AUD	Share capital AUD	Share premium AUD	Retained Earnings AUD	Translation Reserve AUD	Total AUD
Year ended 30 September 2022						
At 1 October 2021	10	976	139,214,823	100,138,039	13,565,541	252,919,389
Loss for the year (note 15)	-	-	-	(7,474,380)	-	(7,474,380)
<i>Other comprehensive income</i>						
Foreign exchange translation gains (note 16)	-	-	-	-	17,288,312	17,288,312
Total comprehensive income for the year	-	-	-	(7,474,380)	17,288,312	9,813,932
<i>Transactions with owners</i>						
Redemptions of shares (notes 14, 15, 16)	-	(578)	(91,300,247)	(47,720,538)	(6,464,626)	(145,485,989)
Issue of shares (note 14)	-	324	61,376,428	-	-	61,376,752
Share issue costs (note 14)	-	-	(38,105)	-	-	(38,105)
	-	(254)	(29,961,924)	(47,720,538)	(6,464,626)	(84,147,342)
At 30 September 2022	10	722	109,252,899	44,943,121	24,389,227	178,585,979
<b>Year ended 30 September 2023</b>						
<b>Profit for the year (note 15)</b>	-	-	-	7,152,842	-	7,152,842
<i>Other comprehensive loss</i>						
Foreign exchange translation losses (note 16)	-	-	-	-	(1,174,743)	(1,174,743)
Total comprehensive income for the year	-	-	-	7,152,842	(1,174,743)	5,978,099
At 30 September 2023	10	722	109,252,899	52,095,963	23,214,484	184,564,078

The notes on pages 14 to 27 are an integral part of these financial statements.

# INTERNATIONAL TITANS BASKET LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 30 September 2023

	Notes	2023 AUD	2022 AUD
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		7,152,842	(7,474,380)
Adjustments for:			
Interest income	6	(6,449,637)	(5,668,497)
Interest expense	9	199,640	10,818
(Gains)/losses on investments at fair value through profit and loss	7	(3,375,037)	10,830,277
Decrease/(increase) in trade and other receivables (excluding interest receivable)		1,506	(70,221)
Decrease in trade and other payables (excluding interest payable)		(1,347)	(94,915)
<b>Net cash outflow from operating activities</b>		<b>(2,472,033)</b>	<b>(2,466,918)</b>
<b>Cash flows from investing activities</b>			
Proceeds of disposal of investments	7,8	-	245,066,476
Cost of purchases of investments	7,8	-	(150,215,728)
Interest income		251,005	42,829
Transfer from/(to) long-term deposits		1,357,684	(8,355,533)
<b>Net cash inflow from investing activities</b>		<b>1,608,689</b>	<b>86,538,044</b>
<b>Cash flows from financing activities</b>			
Redemptions of share capital	14,15,16	-	(145,485,989)
Issues of share capital		-	60,232,270
Share issue costs		-	(38,105)
<b>Net cash outflow from financing activities</b>		<b>-</b>	<b>(85,291,824)</b>
<b>Decrease in cash and cash equivalents for the year</b>		<b>(863,344)</b>	<b>(1,220,698)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,844,553</b>	<b>1,408,701</b>
<b>Foreign exchange translation (losses)/gains</b>		<b>(105,964)</b>	<b>1,656,550</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>875,245</b>	<b>1,844,553</b>

The notes on pages 14 to 27 re an integral part of these financial statements.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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### 1. GENERAL INFORMATION

International Titans Basket Limited ("the Company") is a company incorporated and domiciled in Guernsey under The Companies (Guernsey) Law, 2008. The address of the registered office is given on page 3. The principal activity of the Company and its operations are detailed on page 4.

### 2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **Basis of preparation**

The financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments measured at fair value.

#### **Going concern**

Under the terms of the Company's prospectus, following a successful fund raising in October 2021, the life of the Company was extended for a period of five years from 26 October 2021. In the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate between October 2026 and October 2027.

During the year, the war in Ukraine has continued to impact upon financial markets. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

- The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;
- Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;
- The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and
- During the year and subsequent to the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

#### **Adoption of amended standards**

The following relevant amended standard has been applied in these Financial Statements:

- IAS 37 (amended), 'Provisions, Contingent Liabilities and Contingent Assets' – (relating to the costs to include when assessing whether a contract is onerous, effective for accounting periods commencing on or after 1 January 2022).

In addition, the IASB issued its publication 'Annual Improvements to IFRS Standards 2018-2020', which amended certain existing standards, effective for accounting periods commencing on or after 1 January 2022.

In the opinion of the Directors, the adoption of these amended standards has had no material impact on the Financial Statements of the Company.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### **New and amended standards and interpretations not yet adopted**

The following relevant standards, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective:

- IAS 1 (amended), 'Presentation of Financial Statements' – (amendments relating to the disclosure of accounting policies, and to the classification of liabilities, effective for accounting periods commencing on or after 1 January 2023 and 1 January 2024 respectively);
- IAS 8 (amended), 'Accounting Policies, Changes in Accounting Estimates and Errors' – (clarifying how companies should distinguish changes in accounting policies from changes in accounting estimates, effective for accounting periods commencing on or after 1 January 2023); and

The International Sustainability Standards Board ("ISSB") published the following Sustainability Disclosure Standards in June 2023, effective for accounting periods commencing on or after 1 January 2024:

- IFRS S1, 'General requirements for Disclosure of Sustainability-related Financial Information'; and
- IFRS S2, 'Climate-related Disclosures'.

The purpose of both standards is to provide information that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

In the opinion of the Directors, the adoption of these new and amended standards will have no material impact on the Financial Statements of the Company.

#### **Financial assets - classification**

Under IFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristic of those financial assets.

The Company has determined that it has two distinct business models, as follows:

(i) To invest in a debt instrument issued by Investec Bank Limited. Under IFRS 9, financial assets that are debt instruments may be classified as either (a) amortised cost, (b) fair value through other comprehensive income or (c) fair value through profit and loss ("FVTPL"). The purpose of the Company's investment in the debt instrument is to collect the contractual cashflows of solely payments of principal and interest arising on maturity, which will provide capital protection for investors in the Company, and accordingly, the Company has determined that this investment should be classified as an investment at amortised cost.

(ii) To invest in an option linked to a basket of indices, in order to provide investors with a potential upside on their investment. Under the terms of IFRS 9, the option is automatically classified as an investment at FVTPL.

#### **Financial assets - recognition and subsequent measurement**

Purchased financial assets are recognised on trade date, being the date on which the Company irrevocably commits to purchase the asset.

All investments are measured initially at fair value net of transaction costs, except where the investment will subsequently be measured at FVTPL. Transaction costs relating to the acquisition of investments at FVTPL are expensed as incurred in the Statement of Comprehensive Income.

After initial recognition, the Company's Option investment is measured at FVTPL. Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the reporting date. Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in profit or loss in the Statement of Comprehensive Income as applicable.

After initial recognition, the Company's debt instrument is measured at amortised cost using the effective interest rate method. Interest income from this financial asset is included in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses, including expected credit losses at initial recognition and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, are presented as a separate line item in profit or loss in the Statement of Comprehensive Income.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

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### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### **Financial assets - recognition and subsequent measurement (continued)**

All gains or losses are recognised in the period in which they arise.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

#### **Liquid resources**

Liquid resources comprise cash and cash equivalents and long-term deposits. Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as long-term deposits.

#### **Trade and other receivables**

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

#### **Financial liabilities**

Financial liabilities, other than those at FVTPL, are measured at amortised cost using the effective interest rate method.

#### **Interest income**

Interest income on financial assets at amortised cost is calculated using the effective interest rate method and recognised in profit or loss.

#### **Foreign exchange**

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The Directors have determined that the functional currency of the Company is US Dollars, as it is the currency in which the majority of the Company's capital was raised and in which the Company's investments are denominated. For consistency with previous years, the Directors have selected Australian Dollars as the presentation currency of the Company.

Foreign currency assets and liabilities are translated into Australian Dollars at the rate of exchange ruling on the reporting date. Foreign currency transactions are translated into the functional currency of US Dollars at the rate of exchange ruling on the date of the transaction and then translated into Australian Dollars for presentation purposes. Foreign exchange gains and losses relating to the functional currency are recognised in the Statement of Comprehensive Income in the period in which they arise. Differences arising on translation from the functional currency to the presentation currency are recognised in other comprehensive income in the period in which they arise and are taken to the translation reserve.

#### **Expenses**

Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which were charged against share premium.

#### **Taxation**

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2022: £1,200).

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

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### 3. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving significant estimates or judgements are:

- Classification of and subsequent measurement basis of financial instruments – see note 2 (Financial assets – classification);
- Estimated fair value of financial assets measured at FVTPL – see note 7; and
- Impairment of financial assets measured at amortised cost - see notes 8, 11 and 18(ii).

### 5. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

#### **Administration and Secretarial Agreement**

Under the Administration and Secretarial Agreement, the Company has agreed to pay or procure to be paid to the administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.11% per annum (2022: 0.13%) of the Company's funds (as reduced by any redemptions of shares prior to the Redemption Date). In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11, 12 and 17 for details of administration fees and interest paid in the year and balances outstanding at the year end.

#### **Investment Advisory Agreement**

Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the Investment Advisor, for its services as advisor, a fee of 0.60% (2022: 0.60%) per annum of the Company's funds (as reduced by any redemptions of shares prior to the Redemption Date). In addition the Investment Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11, 12 and 17 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end. The Investment Advisor, Investec Corporate and Institutional Banking ("ICIB"), is a part of the same global group of companies as Investec Bank Limited, the issuer of the Notes.

#### **Distribution Agreement**

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.60% (2022: 0.60%) per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such shares prior to the Redemption Date), or holders of existing issued shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such shares prior to the Redemption Date). See notes 9 and 11 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

6. INTEREST INCOME	2023 AUD	2022 AUD
Interest on investment at amortised cost	6,112,866	5,611,444
Bank interest	336,771	57,053
	<u>6,449,637</u>	<u>5,668,497</u>

The effective interest rate used for calculating the interest on the new Notes is 3.8436% (2022: 3.8436%).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	2023 AUD	2022 AUD
<b>UBS AG Index Option</b>		
Balance brought forward	-	82,468,205
Disposal	-	(80,959,525)
Gain on disposal	-	1,662,257
Fair value adjustment for the year	-	-
Translation difference	-	(3,170,937)
Fair value carried forward	<u>-</u>	<u>-</u>

The UBS AG Index Option was referenced to the MSCI World Index and matured on 18 October 2021.

The Directors determined the fair value of the Option based on valuations provided by UBS AG. The valuation/price of the Option was calculated by UBS AG using an option pricing model and a bid/ask price spread was published daily on Reuters.

<b>Credit Suisse International Index Option</b>	2023 AUD	2022 AUD
Balance brought forward	5,511,041	-
Purchase	-	16,560,442
Fair value adjustment for the year	3,375,037	(12,492,534)
Translation difference	7,796	1,443,133
Fair value carried forward	<u>8,893,874</u>	<u>5,511,041</u>

The Credit Suisse International Index Option was acquired on 18 October 2021 and is referenced to the MSCI World 4% Decrement Index.

The Directors determine the fair value of the Option based on valuations provided by Credit Suisse International ("CS"). The valuation/price of the Option is calculated by CS using an option pricing model and a bid/ask price spread is published daily on Reuters.

The Option has been classified as a level 2 investment in the fair value hierarchy as the valuation is derived from observable inputs other than quoted prices traded in an active market (see note 18(iv)). The key inputs to the valuation are the notional value of the Option of USD 121,186,086 (2022: USD 121,186,086) and the published bid price of the Option of 4.73% as at 30 September 2023 (2022: 2.91%). The key input to the published bid price of the Option is the closing price of the MSCI World 4% Decrement Index of 1,434.81 on 30 September 2023 (2022: 1,224.36).

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

8. INVESTMENTS AT AMORTISED COST	2023 AUD	2022 AUD
<b>Investec Bank Limited Unsecured Subordinated Callable Notes</b>		
Carrying value brought forward	-	169,910,188
Interest for the year	-	586,986
Disposal	-	(164,106,951)
Translation difference	-	(6,390,223)
Carrying value carried forward	<u>-</u>	<u>-</u>

The Investec Bank Limited Unsecured Subordinated Callable Notes (the "Notes") were redeemed on 19 October 2021.

The Notes were measured at amortised cost using the effective interest rate method.

	2023 AUD	2022 AUD
<b>Investec Bank Limited Senior Unsecured Zero Coupon Notes</b>		
Carrying value brought forward	<b>162,418,716</b>	-
Purchase	-	133,655,286
Interest for the year	<b>6,112,866</b>	5,024,459
Translation difference	<b>(1,073,872)</b>	23,738,971
Carrying value carried forward	<u><b>167,457,710</b></u>	<u>162,418,716</u>

The Investec Bank Limited Senior Unsecured Zero Coupon Notes (the "new Notes") were acquired on 27 October 2021. The new Notes function as zero coupon notes for a period of five years to the Optional Redemption Date of 26 October 2026 and each quarter thereafter. Should the debt issuer not exercise its option to redeem the new Notes on the first Optional Redemption Date, the new Notes will convert to floating rate notes and will pay interest at a rate of 3 month USD LIBOR or the replacement benchmark rate plus a margin of 1.87% until the Maturity Date of 26 October 2027.

The new Notes are measured at amortised cost using the effective interest rate method. The effective interest used for calculating the interest income is disclosed in note 6.

The calculation of impairment, including expected credit losses, is based on assumptions about risk of default and expected loss rates. The Company uses judgments in making this assumption and selecting the inputs to the impairment calculation based on past history and existing market conditions (see note 18(ii)). The Company has assessed the investment in the new Notes for impairment and expected credit losses at the reporting date and has concluded that as at the year end no impairment or credit losses are expected over the life of the investment (2022: no impairment or credit losses were expected over the life of the Notes).

The fair value of the new Notes, calculated by ICIB at 30 September 2023, is AUD 147,393,295 (2022: AUD 146,055,202).

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

<b>9. OPERATING EXPENSES</b>	<b>2023</b>	<b>2022</b>
	<b>AUD</b>	<b>AUD</b>
Investment advisory fees	<b>1,112,263</b>	996,875
Distribution fees	<b>1,104,594</b>	989,124
Administration fees	<b>218,066</b>	239,340
Auditor's remuneration	<b>18,040</b>	16,139
GFSC licence fees	<b>7,121</b>	6,714
Interest expense	<b>199,640</b>	10,818
Listing fees	<b>5,734</b>	7,188
Statutory fees	<b>3,278</b>	2,817
Sponsorship fees	<b>5,356</b>	10,934
Professional indemnity insurance	<b>2,611</b>	2,421
Sundry expenses	<b>3,960</b>	4,389
	<b><u>2,680,663</u></b>	<b><u>2,286,759</u></b>

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the following data:

	<b>2023</b>	<b>2022</b>
	<b>AUD</b>	<b>AUD</b>
Earnings attributable to shares:		
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share being profit/(loss) for the year attributable to shareholders	<b><u>7,152,842</u></b>	<b><u>(7,474,380)</u></b>
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted earnings/(loss) per share	<b><u>64,127.185</u></b>	<b><u>66,508.368</u></b>
Earnings/(loss) per A Class share	<b><u>111.54</u></b>	<b><u>(112.38)</u></b>
Earnings/(loss) per B Class share	<b><u>111.54</u></b>	<b><u>(112.38)</u></b>

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings generated per share through the year. The weighted average has been calculated with reference to the number of days shares have actually been in issue and hence their ability to influence income generated.

<b>11. TRADE AND OTHER RECEIVABLES</b>	<b>2023</b>	<b>2022</b>
	<b>AUD</b>	<b>AUD</b>
Bank interest receivable	<b>100,173</b>	14,407
Prepaid administration fees	<b>14,728</b>	17,531
Prepaid distributor fees	<b>79,785</b>	80,307
Prepaid investment advisory fees	<b>80,336</b>	80,914
Other prepayments	<b>6,689</b>	4,292
Unpaid share capital	<b>10</b>	10
	<b><u>281,721</u></b>	<b><u>197,461</u></b>

The balance of trade and other receivables principally comprises prepayments, therefore a provision for expected credit losses is not required.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

12. TRADE AND OTHER PAYABLES	2023 AUD	2022 AUD
<b>Current</b>		
Audit fee	16,855	14,488
Other accruals	-	3,714
	<u>16,855</u>	<u>18,202</u>
<b>Non-current</b>		
Interest payable	<u>214,396</u>	<u>12,053</u>

### 13. SHARE CAPITAL

#### Authorised:

Following the adoption of the Company's amended Articles of Association on 8 April 2021, the Company no longer has any defined authorised share capital.

Issued:	2023 AUD	2022 AUD
10 unpaid Management shares of AUD 1.00 each	10	10
39,958.684 A Class shares (2022: 39,958.684) of AUD 0.01 each	400	400
24,168.501 B Class shares (2022: 24,168.501) of USD 0.01 each	322	322
	<u>732</u>	<u>732</u>

A Class and B Class shares are entitled to 1 vote each at a general meeting of the company. Under the terms of the Company's prospectus, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate between October 2026 and October 2027. A Class and B Class shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 17) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

### 14. SHARE PREMIUM

Movements in share premium are attributable to A Class and B Class shareholders as follows:

2023	A Class AUD	B Class AUD	Total AUD
Balance brought forward	48,480,477	60,772,422	109,252,899
Balance carried forward	<u>48,480,477</u>	<u>60,772,422</u>	<u>109,252,899</u>
 2022	 A Class AUD	 B Class AUD	 Total AUD
Balance brought forward	139,214,823	-	139,214,823
Shares issued during the year	565,901	60,810,527	61,376,428
Shares redeemed during the year	(91,300,247)	-	(91,300,247)
Capitalised launch costs	-	(38,105)	(38,105)
Balance carried forward	<u>48,480,477</u>	<u>60,772,422</u>	<u>109,252,899</u>

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

### 15. RETAINED EARNINGS

Movements in retained earnings are attributable to A Class and B Class shareholders as follows:

<b>2023</b>	<b>A Class AUD</b>	<b>B Class AUD</b>	<b>Total AUD</b>
Balance brought forward	48,769,089	(3,825,968)	44,943,121
Net profit for the year	4,457,051	2,695,791	7,152,842
Balance carried forward	<u>53,226,140</u>	<u>(1,130,177)</u>	<u>52,095,963</u>
2022	A Class AUD	B Class AUD	Total AUD
Balance brought forward	100,138,039	-	100,138,039
Shares redeemed during the year	(47,720,538)	-	(47,720,538)
Net loss for the year	(3,648,412)	(3,825,968)	(7,474,380)
Balance carried forward	<u>48,769,089</u>	<u>(3,825,968)</u>	<u>44,943,121</u>

### 16. TRANSLATION RESERVE

Movements in translation reserve are attributable to A Class and B Class shareholders as follows:

<b>2023</b>	<b>A Class AUD</b>	<b>B Class AUD</b>	<b>Total AUD</b>
Balance brought forward	14,053,648	10,335,579	24,389,227
Foreign exchange translation losses	(732,001)	(442,742)	(1,174,743)
Balance carried forward	<u>13,321,647</u>	<u>9,892,837</u>	<u>23,214,484</u>
2022	A Class AUD	B Class AUD	Total AUD
Balance brought forward	13,565,541	-	13,565,541
Shares redeemed during the year	(6,464,626)	-	(6,464,626)
Foreign exchange translation gains	6,952,733	10,335,579	17,288,312
Balance carried forward	<u>14,053,648</u>	<u>10,335,579</u>	<u>24,389,227</u>

### 17. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is Praxis Trustees Limited as trustee of The Basket Trust, which owns the Management shares in the Company. There is no ultimate controlling party of the Company.

Sanne Fund Services (Guernsey) Limited ('SFSGL'), the administrator of the Company, is deemed to be a related party, as Janine Lewis (a Director of the Company) is a director of SFSGL; Keri Lancaster-King (a Director of the Company) is a director of SFSGL; and David Stephenson (a Director of the Company) is an employee of SFSGL. During the year SFSGL earned AUD 218,066 (2022: AUD 239,340) for their services as administrator. At the year end date administration fees of AUD 14,728 had been paid to SFSGL in advance (2022: AUD 17,531) and interest of AUD 35,535 on outstanding fees (2022: AUD 6,067) was payable to SFSGL.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

### 17. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS (continued)

The Investment Advisor, ICIB, a division of Investec Bank Limited, and Investec Bank Limited itself, are deemed to be related parties. During the year ICIB received AUD 1,112,263 (2022: AUD 996,875) for their services as investment advisor. At the year end advisory fees of AUD 80,336 (2022: AUD 80,914) had been paid to ICIB in advance and interest of AUD 178,861 on outstanding fees (2022: AUD 5,987) was payable to ICIB. The balances and transactions during the year with Investec Bank Limited related to the investments at amortised cost are disclosed in note 8.

### 18. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a debt instrument and an option or options on a specified index or basket of indices; and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below. There have been no changes to the Company's exposure to market risk, credit risk and liquidity risk; or its objectives, policies and procedures for managing such risks, since the prior year.

#### (a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. As at 30 September 2023, the Company is exposed to foreign exchange risk in relation to the following assets and liabilities:

		2023	2022
	Source currency	AUD	AUD
Cash and cash equivalents	Australian Dollars	94,338	94,337
Cash and cash equivalents	Pound Sterling	60,488	90,552
Trade and other payables	Pound Sterling	(16,855)	(18,202)
		<u>137,971</u>	<u>166,687</u>

At 30 September 2023, the foreign currency exposure of the Company against the functional currency of the Company, principally to Australian Dollar and Pound Sterling, represented 0.1% (2022: 0.1%) of Equity Shareholder's Funds. The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the exchange rate of the US Dollar against other currencies at the year end date had been 10% higher/lower (2022: 10% higher/lower), this would have resulted in an increase/decrease in the year end net asset value of AUD 13,797 (2022: AUD 16,669). The sensitivity rate of 10% is regarded as reasonable as this approximates to the volatility of the US Dollar against Australian Dollar and Pound Sterling during the last year.

The Company had no other material currency exposures at 30 September 2023 or 30 September 2022.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

### 18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (i) Market risk

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and long-term deposits and on interest payable on outstanding fees. At 30 September 2023, the Company held cash and cash equivalents of AUD 875,245, which earned no interest, and a long-term deposit of AUD 7,286,779, which earned interest at a rate of 5.45% (2022: cash and cash equivalents of AUD 1,844,553, which earned no interest, and a long-term deposit of AUD 8,644,463, which earned interest at a rate of 2.70%). At 30 September 2023, the Company had outstanding future fees of AUD 4,003,663, on which interest was payable at a rate of 5.45% (2022: outstanding future fees of AUD 5,376,595, on which interest was payable at a rate of 2.70%).

Had these balances existed for the whole of the year, and all other factors remained the same, the effect on the Statement of Comprehensive Income of an increase/decrease of 2% (2022: increase of 1.0%/decrease of 0.5%) in short term interest rates per annum would have been an increase of AUD 83,167/decrease of AUD 65,662 in post-tax profit for the year (2022: increase of AUD 51,124/decrease of AUD 16,339). The sensitivity rate of a 2% increase/decrease is regarded as reasonable following significant hikes in interest rates globally during the year and in the context of the current US Fed Rate of 5.5%, the majority of the Company's cash being held in US Dollars.

The Company had no other material interest rate exposures at 30 September 2023 or 30 September 2022. The Company's new Notes accrue interest at a fixed rate, however as they are measured at amortised cost there is no exposure to fair value interest rate risk.

##### (c) Price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company's investment in the Option is directly affected by changes in market prices. The investment in the new Notes is measured at amortised cost, and is therefore not subject to price risk.

Price risk is managed at inception by investing in a combination of two financial instruments: a debt instrument that will provide capital protection for investors; and an option on a basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Fund. In order to provide capital protection, the holding of the debt instrument acquired is calculated with the intention that the maturing amount will be sufficient to guarantee that all investors who remain in the Fund to maturity will at minimum get back the amount that they invested. The Option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

The investment premise of the Fund involves participation in the potential upside afforded by the Option, whilst enjoying the capital protection afforded by the debt instrument. Therefore, whilst the Board monitors the performance of the Option and new Notes it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Fund in the selection of investments, and is not an active ongoing process during the remainder of the life of the Fund.

The investment at FVTPL exposes the Company to price risk. The details are as follows:

	2023	2022
	AUD	AUD
Credit Suisse International Index Option	8,893,874	5,511,041
	<u>8,893,874</u>	<u>5,511,041</u>

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

### 18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (i) Market risk (continued)

##### (c) Price risk (continued)

A 50% increase/decrease in the published price of the Credit Suisse International Option at 30 September 2023 would increase/decrease the Net Asset Value of the Company by AUD 4,446,987 (2022: 2,755,520). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of the index to which the Option is linked, magnified by the participation rate of 113.7% (2022: 113.7%) attached to the Option.

#### (ii) Credit risk

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, long-term deposits, trade and other receivables, investments at amortised cost and investments at FVTPL. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments.

The Company states in its Prospectus that it will invest in unsecured USD-denominated debt instruments to be issued by Investec Bank Limited ("IBL") and an option linked to a specified index, and provides extensive disclosure to shareholders of those instruments and the risks attached thereto. As a result of this, the Company's policy for managing the credit risk attached to the Company's financial assets is to monitor the credit rating of the relevant counterparty for any significant deterioration, without reference to an absolute range of credit ratings. In the event of there being any significant deterioration in the perceived creditworthiness of the counterparty to a point where shareholders' interest may be at risk, the Directors in their absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. At initial recognition of the new Notes and the Option, the Directors considered the credit risk attached to these instruments to be low, and this remains their view. The Directors would only seek to sell the relevant securities or transfer cash if they (in consultation with the investment advisor) consider that such would be in the best interests of the Company and its shareholders.

In accordance with this policy, the Board (in consultation with the Investment Advisor) has noted that the Fitch long-term credit rating of IBL as at 30 September 2023 was BB- (2022: BB-). The year end rating of Investec plc, a sister company to IBL, was BBB+ (2022: BBB+). As a result, the Directors and the investment advisor believe that it is not in the best interest of shareholders to attempt to sell the new Notes prior to their expected maturity date on 26 October 2026, as they believed firstly that there has been no significant deterioration in the creditworthiness of IBL, and secondly that obtaining an alternative investment with an institution with a higher credit rating could only be achieved on less favourable terms than those offered by the new Notes, which could affect the Company's ability to offer capital protection to shareholders on their investment.

The Company monitors the creditworthiness of its counterparties on an ongoing basis and considers a financial asset to be in default when the counterparty fails to make contractual payments within 60 days of when they fall due. No instances of default or significant changes to the Company's credit risk or expected loss rates have been identified in the last 12 months.

The majority of the Company's trade and receivables consist of prepayments and there is no credit risk associated with these balances.

The Option is held with Credit Suisse International, which has a Fitch long-term rating of BBB+ (2022: BBB+) at the year end date. The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB+ (2022 BBB+) at the year end date.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

### 18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2023 the cash and cash equivalents able to be applied to short term obligations was AUD 875,245 (2022: AUD 1,844,553), which is considered by the Board to be sufficient to meet all the Company's short-term obligations.

The following table analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the year end date to the contractual maturity date. The amounts disclosed in the table are the estimated contractual undiscounted cash flows.

	Less than 6 months AUD	6 to 12 months AUD	1 to 5 years AUD
<b>2023</b>			
Trade and other payables	16,855	-	214,396
Net exposure	<u>16,855</u>	<u>-</u>	<u>214,396</u>
	Less than 6 months AUD	6 to 12 months AUD	1 to 5 years AUD
<b>2022</b>			
Trade and other payables	18,202	-	12,053
Net exposure	<u>18,202</u>	<u>-</u>	<u>12,053</u>

#### (iv) Fair value hierarchy

The table below analyses instruments carried at fair value, by level of the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
<b>2023</b>				
Investments at FVTPL	-	8,893,874	-	8,893,874
	<u>-</u>	<u>8,893,874</u>	<u>-</u>	<u>8,893,874</u>
	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
<b>2022</b>				
Investments at FVTPL	-	5,511,041	-	5,511,041
	<u>-</u>	<u>5,511,041</u>	<u>-</u>	<u>5,511,041</u>

There have been no transfers between levels of the fair value hierarchy during the year.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2023

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### 19. CAPITAL RISK MANAGEMENT

The Company's capital comprises the funds it has raised through the issue of share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost to capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Board has also considered the impact of the ongoing war in Ukraine subsequent to the year end, and does not believe that this will have a significant impact on the Company's capital or its ability to continue as a going concern. The Company has no external borrowings.

Shareholders may be able to redeem their Shares prior to the Redemption Date, however such redemptions are wholly at the discretion of the Directors, and any request for redemption may be refused in whole or in part. No early redemptions will be permitted unless the Directors are satisfied that they have complied with all applicable law, including satisfaction of the solvency test as required by the Companies (Guernsey) Law, 2008. There have been no changes to the Company's objectives policies and procedures for managing capital since the previous year end.

### 20. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events requiring disclosure in these financial statements.