

**INTERNATIONAL TITANS BASKET LIMITED**

**Report and Financial Statements**

**For the year ended 30 September 2021**

# **INTERNATIONAL TITANS BASKET LIMITED**

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# **INTERNATIONAL TITANS BASKET LIMITED**

## **REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION**

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<b>DIRECTORS:</b>	Janine Lewis David Stephenson Keri Lancaster-King (appointed 2 December 2021) Chris Hickling (resigned 2 December 2021)
<b>ADMINISTRATOR, SECRETARY AND REGISTRAR:</b>	Sanne Fund Services (Guernsey) Limited (formerly Praxis Fund Services Limited) Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
<b>INVESTMENT ADVISER:</b>	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
<b>REGISTERED OFFICE:</b>	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
<b>AUDITOR:</b>	Grant Thornton Limited PO Box 31 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF
<b>BANKERS:</b>	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
<b>COMPANY REGISTRATION NO:</b>	52616

# **INTERNATIONAL TITANS BASKET LIMITED**

## **REPORT OF THE DIRECTORS**

**For the year ended 30 September 2021**

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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 2021.

### **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 2021. The Company is listed on the Bermuda Stock Exchange.

### **Going concern**

At an Extraordinary General Meeting of the Company held on 8 April 2021, shareholders approved special resolutions to extend the life of the Company for a further period of between 5 and 10 years from the Company's third termination date of 19 October 2021, to create a new US Dollar denominated class of shares to be known as B Class shares and to reclassify the Company's ordinary shares as A Class shares, and authorised the Directors to seek to raise additional capital through a secondary fund raising. The fund raising closed on 26 October 2021 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 8 April 2021, 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.

The Board notes that the onset of the Covid-19 pandemic has had a significant disruptive impact on economies and financial markets worldwide, and has undertaken an assessment of the effect that the pandemic may have on the Company's ability to operate as a going concern.

The Board considers that the Covid-19 pandemic will not have a 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
- Since 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 11. The Directors do not propose a dividend for the year (2020: Nil).

### **Directors**

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

Janine Lewis

David Stephenson

Keri Lancaster-King (appointed 2 December 2021)

Chris Hickling (resigned 2 December 2021)

# INTERNATIONAL TITANS BASKET LIMITED

## REPORT OF THE DIRECTORS (continued)

For the year ended 30 September 2021

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### Directors' and Other Interests

Janine Lewis is a Director of the Company and a director of Sanne Fund Services (Guernsey) Limited ("SFSGL") (formerly Praxis Fund Services Limited), the Company's Administrator, Secretary, Custodian and Registrar, David Stephenson is a Director of the Company and an employee of SFSGL, Keri Lancaster-King was appointed as a Director of the Company on 2 December 2021 and is a director of SFSGL, and Chris Hickling served as a Director of the Company until his resignation on 2 December 2021 and is a director of Sanne Holdings (Guernsey) Limited (formerly Praxis Fund Holdings Limited), the immediate parent company of SFSGL. Janine Lewis, Chris Hickling, David Stephenson and Keri Lancaster-King are shareholders in PraxisIFM Group Limited, which until 3 December 2021 was the ultimate parent company of SFSGL.

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 14 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 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
Year ended 30 September 2018	194,395,915	66,026	27,862,658
Year ended 30 September 2017	166,505,407	38,176	10,699,823

### Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost AUD	Carrying Value AUD
Investec Bank Limited Unsecured Subordinated Callable Notes	67.3%	117,525,481	169,910,189
UBS AG Index Option	32.7%	24,797,170	82,468,205
		142,322,651	252,378,394

Investec Bank Limited and UBS 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.

# **INTERNATIONAL TITANS BASKET LIMITED**

## **REPORT OF THE DIRECTORS (continued)**

**For the year ended 30 September 2021**

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### **Statement of Directors' Responsibilities (continued)**

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.

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, 1987. 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 International Financial Reporting Standards, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

### **Auditor**

On 27 November 2020, Saffery Champness GAT LLP merged its business into Grant Thornton Limited and the Directors approved a proposal from Saffery Champness GAT LLP to novate the existing letter of engagement to Grant Thornton Limited. Grant Thornton Limited have expressed their willingness to continue in office and a resolution to re-appoint them as auditor to the Company will be proposed at the forthcoming Annual General

By Order of the Board

**David Stephenson**

**Director**

**1 February 2022**

# 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") 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 Accounting 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 2021 and of the Company's profit for the year then ended;
- are in accordance with IFRSs as adopted 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.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

The key audit matter	How the matter was addressed in our audit
<p><b>Valuation of financial assets at fair value through profit or loss (2021: AUD82.5 million, 2020: AUD64.3 million)</b></p> <p>As at 30 September 2021, 33% of the carrying value of the Company's total assets was represented by investment at fair value through profit or loss.</p> <p>There is a risk that errors in the calculation of the investment value using designated inputs may occur and due to the financial significance of the investment balance, small errors in calculation or input factors could have a material misstatement on the reported value.</p> <p>Fair value is calculated using prices published on Reuters by the instrument issuer or other appropriate valuation models at the reporting date.</p>	<p><b>Our audit procedures consisted of:</b></p> <ul style="list-style-type: none"><li>• Updating our understanding of the processes, policies and methodologies, and controls in relation to the valuation and measurement of the financial asset at fair value;</li><li>• Assessing whether the accounting policy of the Company relating to the valuation of investment at fair value, is in line with the requirements of IFRS as issued by the IASB and consistently applied;</li><li>• Agreeing key inputs to the valuation of all investments at fair value through profit or loss to independently sourced confirmations or publicly available information;</li><li>• Recalculating the value of the investment from the independently verified key inputs;</li></ul>

## INDEPENDENT AUDITOR'S REPORT

### to the members of International Titans Basket Limited (continued)

The key audit matter	How the matter was addressed in our audit
<p>The key inputs to the valuation are the notional value and the published prices per Reuters.</p> <p><i>Refer to the Accounting policies in Note 2 of the financial statements.</i></p>	<ul style="list-style-type: none"><li>• Reviewing Management's decisions regarding the selection of valuation methods and data used when deriving at the fair value of the financial asset;</li><li>• Comparing the valuation reported to valuations derived from possible alternative valuation methods; and</li><li>• Assessing the calculations and inputs for evidence of management bias.</li></ul> <p><b>Our result</b></p> <p>No material misstatements were noted as a result of our audit work on the valuation of financial assets at fair value through profit or loss.</p>

#### Other information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the annual report and audited 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.

#### 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.

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

As explained more fully in the Directors' Responsibility Statement set out on pages 5 - 6, 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 applicable law, and for such internal control as management determines 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 management either intends to liquidate the Company or to cease operations, or has 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 director's 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 those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

## **INDEPENDENT AUDITOR'S REPORT**

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

#### **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.

#### **Grant Thornton Limited**

Chartered Accountants

St Peter Port

Guernsey

**1 February 2022**

# INTERNATIONAL TITANS BASKET LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2021

	Notes	2021 AUD	2020 AUD
<b>INCOME</b>			
Interest income	6	<b>10,029,995</b>	10,460,538
<b>GAINS ON INVESTMENTS</b>			
Investments at fair value through profit and loss	7	<b>18,025,540</b>	11,618,536
		<b>28,055,535</b>	22,079,074
Operating expenses	9	(2,285,576)	(2,306,185)
Foreign exchange gains		<b>38,260</b>	198,281
<b>PROFIT FOR THE YEAR</b>		<b>25,808,219</b>	<b>19,971,170</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Items reclassifiable to profit and loss</i>			
Foreign exchange translation losses		(1,017,762)	(13,829,517)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>24,790,457</b>	<b>6,141,653</b>
<b>Earnings per A Class share</b>			
Basic and diluted earnings per A Class share	10	<b>264.55</b>	<b>204.72</b>

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

The notes on pages 15 to 27 are an integral part of these financial statements.

# INTERNATIONAL TITANS BASKET LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	2021 AUD	2020 AUD
<b>NON-CURRENT ASSETS</b>			
Investments at fair value through profit and loss	7	<b>82,468,205</b>	64,293,846
Investments at amortised cost	8	<b>169,910,189</b>	160,927,842
		<b>252,378,394</b>	225,221,688
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	<b>113,016</b>	117,433
Long-term deposits		<b>288,930</b>	289,779
Cash and cash equivalents		<b>1,408,701</b>	2,621,311
		<b>1,810,647</b>	3,028,523
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>(1,269,652)</b>	(14,072)
<b>NET CURRENT ASSETS</b>		<b>540,995</b>	3,014,451
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	12	-	(107,207)
		<b>252,919,389</b>	228,128,932
<b>CAPITAL AND RESERVES</b>			
Share capital	13	<b>986</b>	986
Share premium		<b>139,214,823</b>	139,214,823
Retained earnings		<b>100,138,039</b>	74,329,820
Translation reserve		<b>13,565,541</b>	14,583,303
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>252,919,389</b>	228,128,932
Number of fully paid A Class shares		<b>97,555.335</b>	97,555.335
Net Asset Value per A Class share		<b>2,592.57</b>	2,338.46

The financial statements were approved and authorised for issue by the Board on 1 February 2022 and signed on its behalf by:

**David Stephenson**  
Director

The notes on pages 15 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 2021

	Management Shareholders		A Class Shareholders		Total	
	Share capital AUD	Share capital AUD	Share premium AUD	Retained Earnings AUD	Translation Reserve AUD	Total AUD
Year ended 30 September 2020						
At 1 October 2019	10	976	139,214,823	54,358,650	28,412,820	221,987,279
Profit for the year	-	-	-	19,971,170	-	19,971,170
<i>Other comprehensive loss</i>						
Foreign exchange translation losses				(13,829,517)	(13,829,517)	
Total comprehensive income for the year	-	-	-	19,971,170	(13,829,517)	6,141,653
At 30 September 2020	10	976	139,214,823	74,329,820	14,583,303	228,128,932
<b>Year ended 30 September 2021</b>						
Profit for the year	-	-	-	25,808,219	-	25,808,219
<i>Other comprehensive loss</i>						
Foreign exchange translation losses	-	-	-	-	(1,017,762)	(1,017,762)
Total comprehensive income for the year	-	-	-	25,808,219	(1,017,762)	24,790,457
At 30 September 2021	10	976	139,214,823	100,138,039	13,565,541	252,919,389

The notes on pages 15 to 27 are an integral part of these financial statements.

# INTERNATIONAL TITANS BASKET LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 30 September 2021

	Notes	2021 AUD	2020 AUD
<b>Cash flows from operating activities</b>			
Profit for the year		<b>25,808,219</b>	19,971,170
Adjustments for:			
Interest income	6	(10,029,995)	(10,460,538)
Interest expense	9	865	26,297
Gains on investments at fair value through profit and loss	7	(18,025,540)	(11,618,536)
Decrease in trade and other receivables		2,034	3,271
Increase/(decrease) in trade and other payables		1,255,580	(128)
<b>Net cash outflow from operating activities</b>		<b>(988,837)</b>	<b>(2,078,464)</b>
<b>Cash flows from investing activities</b>			
Interest income		4,734	40,703
Transfer from long-term deposits		849	3,037,319
<b>Net cash inflow from investing activities</b>		<b>5,583</b>	<b>3,078,022</b>
<b>(Decrease)/increase in cash and cash equivalents for the year</b>		<b>(983,254)</b>	<b>999,558</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,621,311</b>	<b>1,803,673</b>
<b>Foreign exchange translation losses</b>		<b>(229,356)</b>	<b>(181,920)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,408,701</b>	<b>2,621,311</b>

The notes on pages 15 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 2021**

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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**

At an Extraordinary General Meeting of the Company held on 8 April 2021, shareholders approved special resolutions to extend the life of the Company for a further period of between 5 and 10 years from the Company's third termination date of 19 October 2021, to create a new US Dollar denominated class of shares to be known as B Class shares and to reclassify the Company's ordinary shares as A Class shares, and authorised the Directors to seek to raise additional capital through a secondary fund raising. The fund raising closed on 26 October 2021 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 8 April 2021, 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.

The Board notes that the Covid-19 pandemic has had a significant disruptive impact on economies and financial markets worldwide, and has undertaken an assessment of the continuing effects that the pandemic may have on the Company's ability to operate as a going concern.

The Board considers that the Covid-19 pandemic will not have a 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
- Since 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 new and revised standards**

There were no new standards adopted by the Company during the year that had a material effect on the financial statements.

# **INTERNATIONAL TITANS BASKET LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 30 September 2021**

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### **2. PRINCIPAL ACCOUNTING POLICIES (continued)**

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

Certain new accounting standards and interpretations have been issued by the IASB but are not effective for the year ended 30 September 2021 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company's financial statements in future reporting periods.

#### **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 holding of Investec Bank Limited Callable Notes (the 'Notes'). 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. The purpose of the Company's investment in the Notes 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 fair value through profit or loss.

#### **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 fair value through profit or loss. Transaction costs relating to the acquisition of investments at fair value through profit or loss are expensed as incurred in the Statement of Comprehensive Income.

After initial recognition, the Company's Option investment is measured at fair value through profit or loss ("FVPL"). 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 FVPL are recognised in other gains/(losses) in profit or loss in the statement of comprehensive income as applicable.

After initial recognition, the Company's Notes are 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.

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.

# **INTERNATIONAL TITANS BASKET LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 30 September 2021**

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### **2. PRINCIPAL ACCOUNTING POLICIES (continued)**

#### **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 fair value through profit or loss, 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 (2020: £1,200).

### **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.

# **INTERNATIONAL TITANS BASKET LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 30 September 2021**

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### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

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 FVPL – see note 7; and
- Impairment of financial assets measured at amortised cost - see notes 8 and 15(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 0.135% per annum (2020: 0.135%) of the Company's funds (as reduced by any redemptions of A Class 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 14 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 0.65% (2020: 0.65%) per annum of the Company's funds (as reduced by any redemptions of A Class 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 14 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, 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 0.65% (2020: 0.65%) 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 A Class Shares prior to the Redemption Date), or holders of existing issued A Class Shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such A Class 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.

### **6. INTEREST INCOME**

	<b>2021</b>	2020
	<b>AUD</b>	AUD
Interest on investment at amortised cost	<b>10,027,644</b>	10,442,421
Bank interest	<b>2,351</b>	18,117
	<b>10,029,995</b>	10,460,538

The effective interest rate used for calculating the interest on the Notes is 6.5419% (2020: 6.5419%).

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2021

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7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	2021	2020
	AUD	AUD
<b>UBS AG Index Option</b>		
Balance brought forward	64,293,846	56,551,832
Fair value adjustment for the year	18,025,540	11,618,536
Translation difference	148,819	(3,876,522)
Fair value carried forward	<u>82,468,205</u>	<u>64,293,846</u>

The UBS AG Index Option is referenced to the MSCI World Index.

The Directors determine the fair value of the Option based on valuations provided by UBS AG. The valuation/price of the Option is calculated by UBS AG 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 16(iv)). The key inputs to the valuation were the notional value of the Option (USD 117,345,486 (2020: USD 117,345,486)) and the published bid price of the Option of 50.79% (2020: 39.24%) as at 30 September 2021. The key input to the published bid price of the Option was the closing price of the MSCI World Index of 3,006.60 on 30 September 2021 (2020: 2,367.27). The fair value of the option will be nil where the MSCI World Index price is below the initial index spot rate of 1,701.10.

8. INVESTMENTS AT AMORTISED COST	2021	2020
	AUD	AUD
<b>Investec Bank Limited Unsecured Subordinated Callable Notes</b>		
Carrying value brought forward	160,927,842	160,262,932
Interest for the year	10,027,644	10,442,421
Translation difference	(1,045,298)	(9,777,511)
Carrying value carried forward	<u>169,910,189</u>	<u>160,927,842</u>

The Investec Bank Limited Unsecured Subordinated Callable Notes (the "Notes") were acquired on 19 October 2016. The Notes function as zero coupon notes for a period of five years. Subsequent to the year end, the issuer exercised its call option to redeem the Notes, and the Notes were redeemed on 19 October 2021.

The 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 16(ii)). The Company has assessed the investment in the 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 (2020: no impairment or credit losses were expected over the life of the investment).

The fair value of the Notes, calculated by ICIB at 30 September 2021, was AUD 172,028,091 (2020: AUD 162,363,795).

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2021

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<b>9. OPERATING EXPENSES</b>	<b>2021</b>	<b>2020</b>
	AUD	AUD
Investment advisory fees	<b>965,804</b>	1,012,727
Distribution fees	<b>948,817</b>	1,010,385
Administration fees	<b>202,297</b>	216,212
Trademark licensing fees	<b>130,004</b>	-
Auditor's remuneration	<b>14,547</b>	15,870
GFSC licence fees	<b>6,257</b>	6,620
Interest expense	<b>865</b>	26,297
Listing fees	<b>3,491</b>	3,985
Statutory fees	<b>3,044</b>	3,366
Sponsorship fees	<b>4,655</b>	5,172
Professional indemnity insurance	<b>2,222</b>	1,993
Sundry expenses	<b>3,573</b>	3,558
	<b>2,285,576</b>	<b>2,306,185</b>

## 10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per A Class share is based on the following data:

	<b>2021</b>	<b>2020</b>
Earnings attributable to A Class shares:	AUD	AUD
Profit for the purpose of basic and diluted earnings per share being profit for the year attributable to A Class shareholders	<b>25,808,219</b>	<b>19,971,170</b>
Number of shares:		
Weighted average number of A Class shares for the purpose of basic and diluted earnings per share	<b>97,555.335</b>	<b>97,555.335</b>
Earnings per A Class share	<b>264.55</b>	<b>204.72</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>2021</b>	<b>2020</b>
	AUD	AUD
Bank interest receivable	<b>183</b>	2,566
Prepaid administration fees	<b>10,255</b>	10,255
Prepaid distributor fees	<b>48,744</b>	48,831
Prepaid investment advisory fees	<b>49,377</b>	49,377
Other prepayments	<b>4,447</b>	6,394
Unpaid share capital	<b>10</b>	<b>10</b>
	<b>113,016</b>	<b>117,433</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 2021

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<b>12. TRADE AND OTHER PAYABLES</b>	<b>2021</b>	<b>2020</b>
	<b>AUD</b>	<b>AUD</b>
<b>Current</b>		
Audit fee	14,542	14,072
Interest payable	108,107	-
Other accruals	2,521	-
Investment subscription received in advance	1,144,482	-
	<hr/>	<hr/>
	<b>1,269,652</b>	<b>14,072</b>
<b>Non-current</b>		
Interest payable	-	107,207
	<hr/>	<hr/>

## 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.

<b>Issued:</b>	<b>2021</b>	<b>2020</b>
	<b>AUD</b>	<b>AUD</b>
10 unpaid Management shares of AUD 1.00 each	10	10
97,555.335 A Class shares (2020: Ordinary shares) of AUD 0.01 each	976	976
	<hr/>	<hr/>
	<b>986</b>	<b>986</b>

With effect from 8 April 2021, the Company's Ordinary shares were redesignated as A Class shares.

Subsequent to the year end, on 26 October 2021, 57,821.562 A Class shares were redeemed at a price of AUD 2,516.12 per share; 224,911 A Class shares were issued at a price of AUD 2,516.12 per share; and 24,168.501 B Class shares were issued at a price of US\$1,889.12 per share.

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 14) 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.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2021

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

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

The ultimate controlling party of PraxisIFM Trust Limited is PraxisIFM Group Limited ('PGL'). Until 3 December 2021, PGL was also the ultimate controlling party of Sanne Fund Services (Guernsey) Limited ('SFSGL') (formerly Praxis Fund Services Limited), the administrator of the Company. SFSGL is deemed to be a related party, as Janine Lewis (a Director of the Company) is a director of SFSGL; Chris Hickling (a Director of the Company until his resignation on 2 December 2021) is director of Sanne Holdings (Guernsey) Limited, the immediate parent of SFSGL; Keri Lancaster-King (a Director of the Company with effect from 2 December 2021) is a director of SFSGL; and David Stephenson (a Director of the Company) is an employee of SFSGL. During the year SFSGL earned AUD 202,297 (2020: AUD 216,212) for their services as administrator. At the year end date administration fees of AUD 10,255 had been paid to SFSGL in advance (2020: AUD 10,255) and interest of AUD 19,039 on outstanding fees (2020: AUD 18,906) was payable to SFSGL.

The Investment Advisor, Investec Corporate and Institutional Banking ("ICIB"), a division of Investec Bank Limited, and Investec Bank Limited itself, are deemed to be related parties. During the year ICIB received AUD 965,804 (2020: AUD 1,012,727) for their services as investment advisor. At the year end advisory fees of AUD 49,377 (2020: AUD 49,377) had been paid to ICIB in advance and interest of AUD 89,068 on outstanding fees (2020: AUD 88,301) 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.

### 15. 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.

#### (i) Market risk

##### (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 2021, the Company is exposed to foreign exchange risk in relation to the following assets and liabilities:

	2021	2020
	Source currency	AUD
Cash and cash equivalents	Australian Dollars	132,858
Trade and other payables	Australian Dollars	(108,107)
Cash and cash equivalents	Pound Sterling	130,864
Trade and other payables	Pound Sterling	(14,542)
Cash and cash equivalents	South African Rand	151
	<b>141,224</b>	2,500,032

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2021

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

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

##### (a) Currency risk (continued)

At 30 September 2021, the foreign currency exposure of the Company against the functional currency of the Company, principally to Australian Dollar and Pound Sterling, represented 0.1% (2020: 1.1%) 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 (2020: 10% higher/lower), this would have resulted in an increase/decrease in the year end net asset value of AUD 14,122 (2020: AUD 250,003). 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 2021 or 30 September 2020.

##### (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 2021, the Company held cash and cash equivalents of AUD 1,408,701, which earned interest at a weighted average rate of 0.11%, and a long-term deposit of AUD 288,930, which earned interest at a rate of 0.65% (2020: cash and cash equivalents of AUD 2,621,311, which earned interest at a weighted average rate of 0.38%, and a long-term deposit of AUD 289,779, which earned interest at a rate of 1.45%). At 30 September 2021, the Company had no outstanding future fees on which interest was payable (2020: AUD 1,209,226, on which interest at a rate of 1.45% was payable).

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 in short term interest rates of 0.25% per annum (2020: 0.25%) would have been an increase of AUD 4,244/decrease of AUD 722 in post-tax profit for the year (2020: increase of AUD 4,255/decrease of AUD 2,723). The sensitivity rate of 0.25% is regarded as reasonable in relation to the current Australian base rate of 0.25% (2020: 0.25%) as interest rates on Australian Dollar bank accounts are not currently volatile and increases or decreases applied by the Reserve Bank of Australia to the base rate are usually applied in increments of 0.25%.

The Company had no other material interest rate exposures at 30 September 2021 or 30 September 2020. The Company's Notes are not interest-bearing, however the Notes are measured using amortised cost and the unwind of the discount over the life of the Notes is charged as interest to the Statement of Comprehensive Income.

##### (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 UBS AG Option is valued by reference to movements in the level of the underlying index, and so is directly affected by changes in market prices. The Company's investment in Investec Bank Limited Callable 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 holding of callable Notes 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 amount of Notes 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 plus a return of 5.5%. 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.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2021

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

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

The investment premise of the Fund involves participation in the potential upside afforded by the Option, whilst enjoying the capital protection afforded by the Notes. Therefore, whilst the Board monitors the performance of the Option and 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 fair value through profit or loss exposes the Company to price risk. The details are as follows:

	2021	2020
	AUD	AUD
UBS AG Index Option	<b>82,468,205</b>	64,293,846
	<b>82,468,205</b>	<b>64,293,846</b>

A 50 per cent decrease in the published price of the UBS AG Option at 30 September 2021 would decrease the Net Asset Value of the Company by AUD 41,234,103 (2020: AUD 32,146,923). Due to the cap on the Option contract, a 50 per cent increase in the published price of the Option would increase the net asset value of the Company by AUD 1,639,947 (2020: AUD 19,814,306). 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 200% 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 fair value through profit or loss. 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 US\$-denominated senior credit-linked 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 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

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 2021 was BB- (2020: BB+). The year end rating of Investec plc, a sister company to IBL, was BBB+ (2020: BBB+). As a result, the Directors and the investment advisor determined at the year end date that it was not in the best interest of shareholders to attempt to sell the Notes so close to their imminent maturity date on 19 October 2021, 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 Notes, which could affect the Company's ability to offer capital protection to shareholders on their investment.

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2021

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

#### (ii) Credit risk (continued)

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 UBS AG, which has a Fitch long-term rating of AA- (2020: AA-) 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+ (2020 BBB+) at the year end date.

#### (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 2021 the cash and cash equivalents able to be applied to short term obligations was AUD 1,697,631 (2020: AUD 2,621,311), 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.

	2021	Less than 6	6 to 12	1 to 5 years
		months	months	AUD
Trade and other payables		1,269,652	-	-
Net exposure		1,269,652	-	-
2020		Less than 6	6 to 12	1 to 5 years
		months	months	AUD
Trade and other payables		14,072	-	107,207
Net exposure		14,072	-	107,207

# INTERNATIONAL TITANS BASKET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2021

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

#### (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).

2021	Level 1	Level 2	Level 3	Total
	AUD	AUD	AUD	AUD
Investments at fair value through profit or loss	-	<b>82,468,205</b>	-	<b>82,468,205</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	-	<b>82,468,205</b>	-	<b>82,468,205</b>
2020	Level 1	Level 2	Level 3	Total
	AUD	AUD	AUD	AUD
Investments at fair value through profit or loss	-	56,551,832	-	56,551,832
	<hr/>	<hr/>	<hr/>	<hr/>
	-	<b>56,551,832</b>	-	<b>56,551,832</b>

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

### 16. 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 Covid-19 pandemic 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.

# **INTERNATIONAL TITANS BASKET LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 30 September 2021**

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### **17. POST BALANCE SHEET EVENTS**

The impact of the Covid-19 pandemic subsequent to the year end on the Company's ability to continue as a going concern and on its investments has been assessed in notes 2 and 16.

In accordance with a resolution approved by Shareholders on 8 April 2021 to authorise the Directors to extend the life of the Company for a further period of between 5 and 10 years, the Company sought to raise additional capital through a secondary fund raising, an exercise which was successfully achieved subsequent to the year end. Accordingly, on 26 October 2021, 57,821.562 A Class shares were redeemed at a price of AUD 2,516.12 per share; 224.911 A Class shares were issued at a price of AUD 2,516.12; and 24,168.501 B Class shares were issued at a price of US\$1,889.12.

On 18 October 2021, the Company's index option held with UBS AG matured with a value of US\$60,784,961.

On 19 October 2021, the Company's holding of Investec Bank Limited Unsecured Subordinated Callable Notes matured with a value of US\$123,212,614.

On 27 October 2021 the Company acquired an index option held with Credit Suisse International linked to the MSCI World 4% Decrement Index for a consideration of US\$12,433,692. On the same day the Company also acquired a holding of 64,149.491 Investec Bank Limited Senior Unsecured Zero Coupon Notes for a consideration of US\$100,349,297.

Under the terms of the Company's new prospectus, which replaced the previous prospectus with effect from 8 April 2021, and in the absence of a further special resolution to extend the life of the Company, the Company will terminate on between October 2026 and October 2027 and its shares be redeemed.

On 2 December 2021, Chris Hickling resigned as a Director of the Company, and Keri Lancaster-King was appointed in his place.

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