

RESPONSIBLE ENTITY:

K2 ASSET MANAGEMENT LTD

ABN 95 085 445 094 | AFSL 244 393

Annual Report

For the year ended 30 June 2024

ARSN 625 636 473

**VENTURE CAPITAL
OPPORTUNITIES
FUND** INVESTING IN SQUARE PEG II

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VENTURE CAPITAL OPPORTUNITIES FUND

(ARSN 625 636 473)

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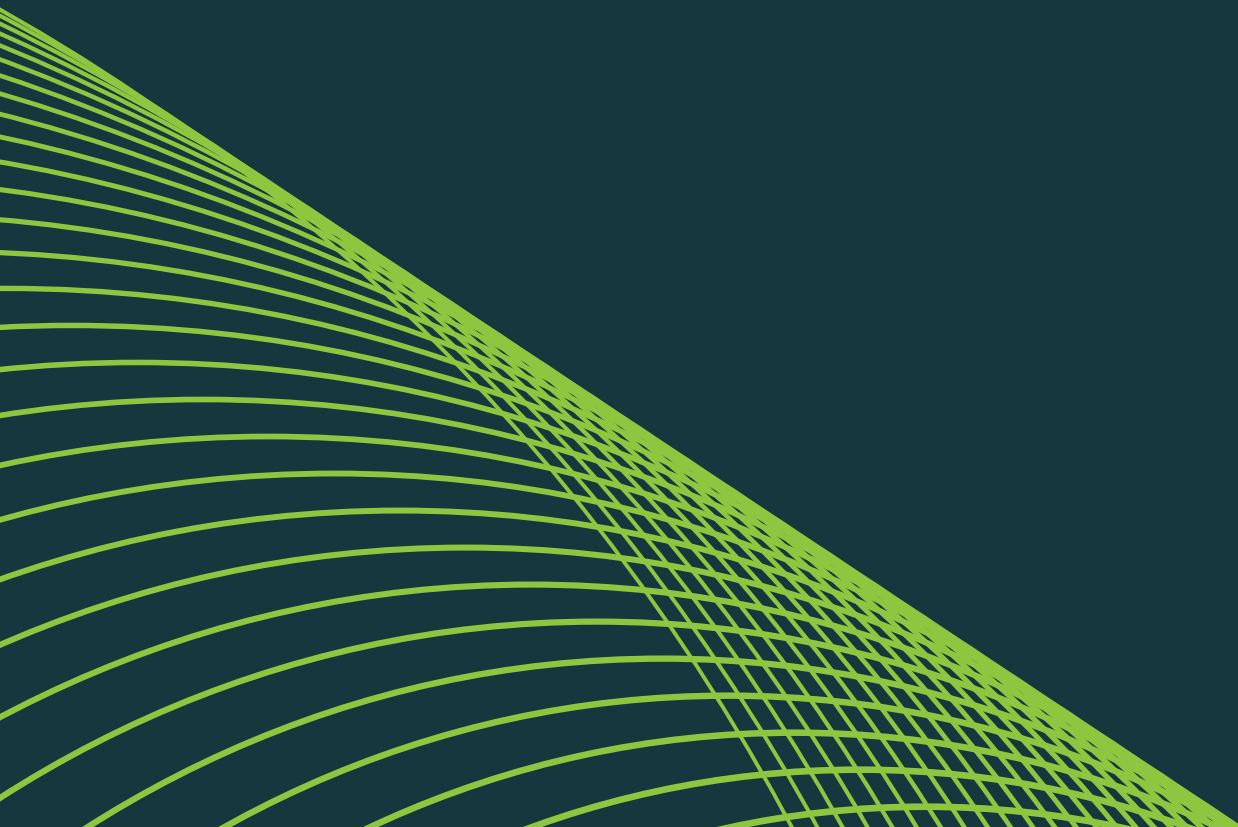
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VENTURE CAPITAL OPPORTUNITIES FUND

INVESTING IN SQUARE PEG II



DIRECTORS' LETTER

Dear Unitholders,

It is a once again a pleasure to be able to provide you with the Venture Capital Opportunities Fund (**Fund**) full-year Financial Report for the year ended 30 June 2024 (**FY24**).

As you will read further on, the Fund is incredibly well positioned as the underlying portfolio continues to mature and opportunities for realisations present themselves. The Fund's post-tax NTA as of 30 June 2024 was \$3.87 per Unit, representing a total uplift on your original investment of 115%.

FUND STRUCTURE

Units in the Fund are fully-paid, with the final investor instalment paid in 2022. The total amount paid per unit is \$1.80.

The Fund has made total capital commitments of US\$11.2 million to Square Peg Fund II (**SPFII, Manager**), representing an interest of 4.8% in SPFII.

As at the end of FY24, SPFII has called 100% of the Fund's committed capital to invest in sixteen early-stage technology businesses. SPFII has now successfully exited from Puresec (2019), and pleasingly, SPFII announced that underlying portfolio company – Deci.AI – was acquired by Nvidia (**NVDA:NASDAQ**) at the end of the period.

Further detail on the underlying portfolio companies can be found below, as well as on pages 7 to 10: Portfolio Positioning.

PORTFOLIO PERFORMANCE

In addition to the successful realisation of Deci.AI during the period (with proceeds received post-balance date), SPFII recorded positive valuation movements in the holding value of their underlying portfolio companies as well as a reduction in the Fund's general provision due to strong company performance and an improving market environment.

During the financial year, the Fund recorded a profit after tax of \$4.6 million. The key component of this, as noted above, was due to the positive fair value movement on the value of the underlying investments. There was a modest negative adjustment as a result of foreign exchange movements as the AUD strengthened by 0.1% during the period.

Since the Fund's inception (July 2018), including fair value movement and distributions paid, the Fund has returned 19% per annum (IRR basis) or 2.16x TVPI (total value, including distributions received, to paid-in unitholder investment). As at 30 June 2024, VCOF had net assets of \$39.5 million, representing \$3.87 per unit (30 June 2023: \$34.8 million and \$3.42 per unit).

INVESTMENT ACTIVITY

SPFII has now invested 100% of capital called, and during FY24 participated in a follow-on investment in **Neara** at a small valuation uplift, which was adopted by the Fund during the period. While there was not a significant amount of follow-on capital required during the period, several of the underlying portfolio companies were incredibly busy during the financial year.

This includes **Deputy**, who completed a significant Series C capital raise at an increased valuation led by strategic investors Express Employment and Xero during the half-year. Additionally, **Q-QTRL**, continued to make strong progress on revenue and partnerships and just signed an extension on their Series-B funding round at an increased valuation. Additionally, Amber, who had come off the back of a difficult period of disruptive electricity markets, successfully completed a Series-C funding round at a slight down valuation during the period. This funding round is a great achievement for Amber and leaves the business in a better position for their next stage of growth. These valuations were all adopted during by SPFII and are reflected in the Fund's NTA as of 30 June 2024.

Perhaps most significantly is the recent realisation of **Deci.AI** during the period. SPFII first invested in Deci.AI's Seed round in 2020 and are proud to have partnered with the business on their mission to empower AI developers with powerful tools for building innovative AI based solutions. While you may read more on this realisation on page 7, we are pleased to report that it represented a solid exit outcome for SPFII. To this end, post-balance date, the Fund has received proceeds of the realisation of Deci.AI to the value of US\$1.72 million (15% of the Fund's total commitment to SPFII). This distribution is deemed to be fully callable (further detail below) and was simultaneously offset by a capital call of US\$0.33 million.

Recallable distributions refer to the ability of the venture capital fund (or the general partners managing the fund) to reclaim or "recall" some of the distributions that were previously given to investors. This means that if the fund needs to cover new expenses or make additional investments, it can ask for some or all of the previously distributed profits to be returned. In essence, recallable distributions are a tool used by venture capital funds to ensure that 100% of the capital paid in by investors is used in investments, rather than fees and expenses. It is also important so that they can manage their capital and ensure they have the resources needed for future investments or expenses, while still providing returns to investors.

Given that VCOF is a fully paid product for Unitholders, as RE we will need to factor this recallable distribution into our ongoing cash flow forecasts for the Fund. While we are working toward making a distribution to Unitholders in the near term, we wish to note that the cash on balance sheet in future periods may be higher than we previously allowed for, due to the recallable nature of this recent distribution.

PORTFOLIO AND MARKET UPDATE

In the first half of 2024, the value of global mergers and acquisitions (M&A) transactions increased by 5% compared to the same period in 2023, yet overall transaction volume dropped by 25%, continuing the decline that began in 2022. From an overall market perspective (and to quote the Manager), the last two years were the most challenging since Square Peg's inception. However, venture capital operates in cycles, and it is hard to fully assess the performance of a venture capital fund until you see a full cycle of performance. 2012-2021 was an extremely buoyant environment, while 2022-2023 was a much more challenging environment and perhaps the toughest period experienced by venture investors in the last 15-20 years. Apart from this, the first half of 2024 was a promising movement towards a more normal venture capital market in our geographies, including an uptick in deal flow and exit opportunities.

Despite the prevailing uncertainty, geopolitical conflict and other macroeconomic pressures, the rapid pace of technological change and disruption is exciting to bear witness to, particularly for SPFI's underlying portfolio. 2023 was undoubtedly the year of AI, and the term dominated the mainstream tech conversation throughout the year. The first half of 2024 was no different. As we consider AI in the M&A environment, it has the potential to drive a wide range of transactions. Its disruptive power spans from transforming large corporations to impacting startups, entire sectors, and even whole industries. While generative AI is still emerging, its influence on business and society is already becoming substantial. AI can lead to significant cost savings, generate new revenue streams, open up new customer channels, and both enhance and commoditize value propositions. As AI continues to evolve, it will compel companies to reassess their strategies, business models, markets, and competitive landscapes.

The resulting transactions could vary from traditional M&A to novel partnerships, alliances, and other innovative arrangements not previously seen.

While SPFI (and therefore VCOF)'s results for the six months up to 31 December 2023 showed that many of the underlying portfolio companies' growth rate had slowed, it now appears to have been a function of the tougher economic environment in 2023 as well as companies adopting a less aggressive growth strategy. Pleasingly, there has been an acceleration of growth in many of the Fund's significant portfolio companies over the past six months. The company founders are doing an outstanding job creating value for their customers and shareholders and it is reflected in the results for FY24.

PORTFOLIO OUTLOOK

Looking forward, the return of capital continues to be dictated by market conditions, and over the last two years the market has not been particularly encouraging for exits, though it does appear that we are coming out the other side. It is still expected that 2025 and 2026 will be much more active years for exits but are pleased to be able to report on the realisation of Deci.AI during FY24. While exit activity takes time, the Fund's key contributors are performing well and remain well capitalised, leaving them in a position of strength to withstand the current macroeconomic environment.

As always, we thank you for your continued support and look forward to updating you in future periods.

Unitholders are encouraged to reach out to the Investor Relations team on (03) 9691 6110 or via email (vcof@k2am.com.au) with any questions.

Yours faithfully,



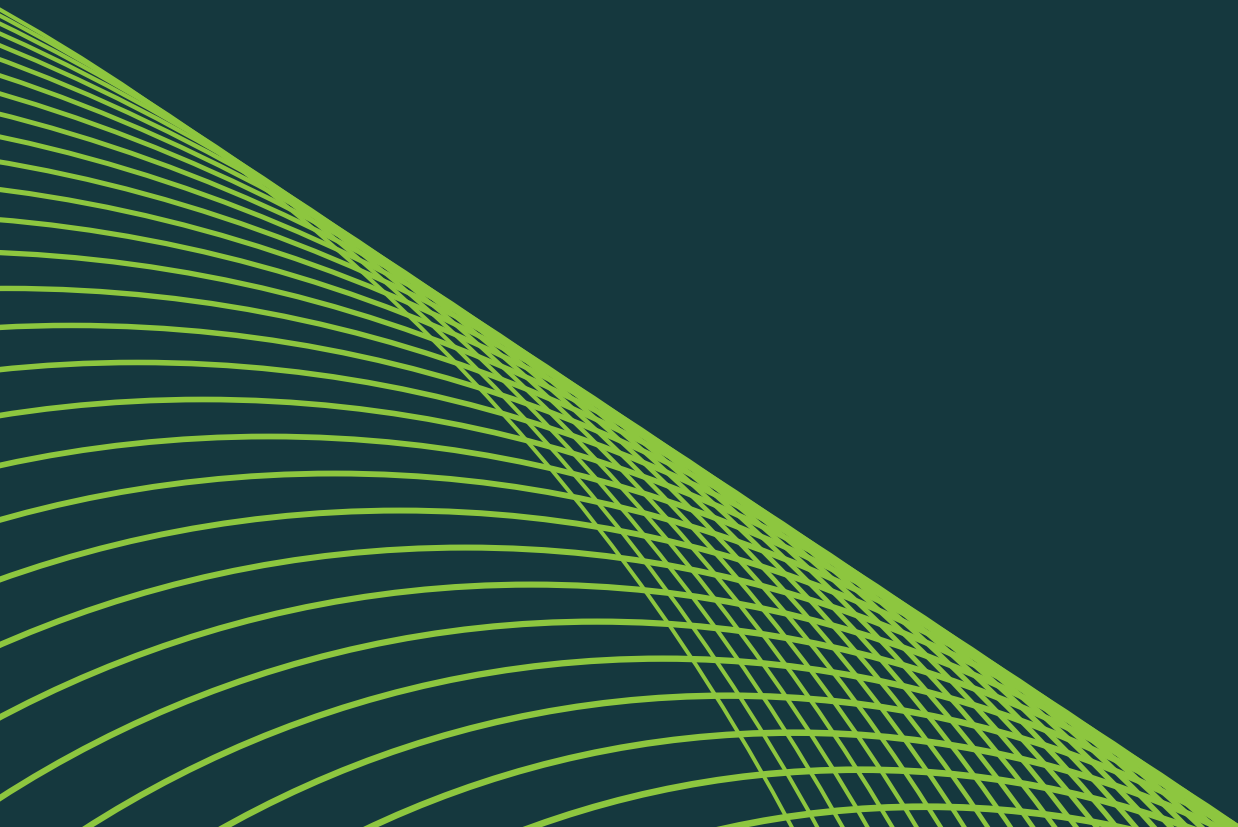
HOLLIE WIGHT

Managing Director, Head of RE & Trustee Services

11 September 2024

VENTURE CAPITAL OPPORTUNITIES FUND

INVESTING IN SQUARE PEG II



PORTFOLIO POSITIONING

The investment management team at Square Peg Capital Pty Ltd (**Manager**) is focused on key business models and investment themes and has invested where the Manager sees potential for future value creation. SPFI has now invested 100% of capital called, with future capital expected to be used for portfolio management and follow-on investment purposes where applicable. The Fund is in a strong position to generate significant value in the years ahead with a number of portfolio companies growing strongly and shaping up as potential winners, including Kredivo, Zeller, Aidoc, and Doctor Anywhere.

Key portfolio company updates for FY24 can be found below:

REALISED: DECI.AI

Deci.AI was founded in 2019 and is based in Tel Aviv. Its team of deep learning experts are focussed on significantly reducing production-related bottlenecks across the AI lifecycle. Deci's end-to-end deep learning development platform helps AI developers build, optimize, and deploy AI models to any environment such as cloud, edge, and mobile.

SPFI first invested in Deci.AI's Seed round in 2020 and are proud to have partnered with Co-Founders Yonatan Geifman, Ran El-Yaniv, and Jonathan Elial on their mission to empower AI developers with powerful tools for building innovative AI based solutions.

The acquisition by Nvidia is a significant outcome for Deci.AI and the Israeli tech ecosystem more broadly, showcasing its world class AI credentials which continue to attract top talent and foreign investment. Square Peg made its first Israeli AI investment in 2013 and companies like Deci.AI have helped us stay close to the rapid developments that have occurred in the industry over recent years.

You may read more about Nvidia's acquisition of Deci.AI in [this](#) media article from Calcalist Tech. Pleasingly, this realisation delivered a multiple on invested capital of 3x and an IRR of 46%.

KREDIVO

Kredivo uses technology to extend credit to prime consumers in one of the most underpenetrated markets for credit, Indonesia. Its core product is a digital credit card and point-of-sale transaction engine that enables consumers to quickly and easily "buy now and pay later" (**BNPL**) on Indonesia's leading e-commerce sites. Kredivo is a market leader in the third party BNPL segment in Indonesia, covering all major ecommerce and offline channels in the country via its open loop network. Kredivo has also been working on building out their product suite, including a new digital banking platform, Krom which launched in the last quarter of 2023 and represents significant strategic expansion for the business.

FY24 highlights: revenue of over \$400M annualised and growing 30% year-over-year, operating EBITDA profitable, executing on product and geographic expansion plans.

The Fund's position is held at the Series D (March 2023) valuation.

ZELLER

Zeller is an Australian Fintech company which aims to provide small businesses with a complete and streamlined payment solution rather than needing to maintain a variety of relationships with a number of entities. Zeller aims to disrupt the financial services industry and take advantage of the big-four's "failure to evolve". Zeller's growth and scale to date is an amazing achievement for a business that only launched their core product three years ago. The growth over this period has cemented Zeller as one of Australia's most exciting fintech companies.

FY24 highlights: revenue growth of ~100% year over year driven by customer acquisition and product expansion, a new partnership with leading global software provider Oracle with Zeller terminals integrated into the Oracle Symphony's point of sale system. The Fund's position is held at the Series B (March 2022) valuation.

AIDOC

Aidoc is an Israeli technology company developing products that support and enhance the diagnostic power of radiologists, helping them expedite patient treatment and improve quality of care. Employing deep learning AI technology that identifies physical anomalies and flags the most urgent cases, Aidoc's products assist radiologists to better prioritise life threatening cases and accelerate patient care.

FY24 highlights: strong ARR growth of more than 50% year over year, driven by a combination of new customer acquisition and upsell expansion across existing customers, go-to-market motion benefitting from AI tailwinds, executing strongly on multi-product platform strategy. The Fund's position is held at the Series D (June 2022) valuation.

DOCTOR ANYWHERE

Doctor Anywhere is a regional tech-led healthcare company headquartered in Singapore. The company's mission is to improve healthcare outcomes across Southeast Asia. With a strong network of established healthcare providers and experienced doctors, Doctor Anywhere's digital platform enables users to manage their health easily and effectively through the Doctor Anywhere mobile app. Users can consult a licensed local doctor anytime, anywhere, and get medication delivered to their doorstep within hours. Medical history, health reports, and other documents are stored in-app for easy access. Doctor Anywhere provides healthcare to more than 2.5 million users across six countries (Singapore, Malaysia, Thailand, Indonesia, Vietnam, and the Philippines), cementing its position as the leading digital health platform across Southeast Asia.

FY24 highlights: continuing to expand its specialist healthcare offering across Southeast Asia, remaining well capitalised with a multi-year cash runway. The Fund's position is held at the Series C-2 (December 2023) valuation.

ADDITIONAL PORTFOLIO COMPANY SUMMARIES

NEARA

Founded in 2016 by ex-Google software engineer Daniel Danilatos, Neara uses artificial intelligence and machine learning to create a dynamic 'digital twin' - a virtual model of an infrastructure network. Neara's software can be used to design or redesign parts of the network, analyse potential risks, and manage physical assets with a sophisticated physics and engineering engine. Significantly, Neara was recently recognised on Time Magazine's 100 Most Influential Companies in 2024 list for its AI-powered digital modelling software.

During FY24 Neara completed a US\$10m Series B extension round led by Prosus Ventures, which SPFI participated in. The extension round was completed at a small valuation uplift and the Fund's position in Neara is held at this valuation.

NEURON

Neuron is a leading rental e-scooter and micromobility technology company on a mission to partner with the smart cities of the future, connecting people and places in a safe, convenient, and fun way. Neuron operates across 33 cities in Australia, Canada, New Zealand, and the United Kingdom.

DEPUTY

Deputy has developed a Software as a Service (SaaS) product that assists organisations of any size, across multiple sectors, to effectively manage their rostered workforce. It enables staff to simply, and even automatically be scheduled, based on stated preferences and availability. It acts as a system of engagement for rostered staff and employers to communicate and share information with each other. Deputy also links to other systems such as payroll and timesheets to automate manual processes. During FY24, the company completed a significant Series C capital raise led by strategic investors Express Employment and Xero. The raise valued Deputy at more than \$1bn and the Fund's holding was revalued to reflect this valuation uplift. More broadly, the business is profitable and continues to deliver solid revenue growth with ARR of more than A\$100m.

VOW

Vow is an Australian cultivated meat start-up. Vow's strategy is underpinned by a diverse library of stem cells collected from a wide range of animals and aims to build the technology to combine these different cells into brand new foods. Their goal is to create products which have superior taste and nutritional value.

Vow saw significant commercial breakthroughs during the half-year, becoming the only cellular agriculture company worldwide to profitably launch a cultured meat product at scale: Forged Parfait crafted from cultured Japanese quail. Following the launch, the team also continue to work closely with food safety regulators in Australia and the United States. Vow is currently in the process of raising a Series B round to extend their cash runway and fund future growth plans, which SPFI is expected to support. SPFI will be supporting the fundraise with a follow-on investment via Fund 2.

STASHAWAY

StashAway is a digital wealth management platform based in Southeast Asia that personalises financial planning and portfolio management for investors. It makes investment strategies accessible to the general public, leveraging technology and data, and providing consumers with access to a mobile investment platform that provides educational and wealth outcomes. During FY24 the company has seen a strong re-acceleration of growth, with AUM increasing by more than 40% year-on-year. The company is currently in the process of raising additional capital as a level to accelerate growth, however it remains well capitalised.

Q-CTRL

Q-CTRL is an Australian company that provides software tools to improve the stability of quantum hardware, and the company made strong progress on both revenue and partnerships during the half-year. Most notably, Q-CTRL signed a milestone contract to integrate Q-CTRL software into IBM Quantum Systems, representing a significant commercial contract which has the potential to become a material growth driver in future. During the period, the company received a signed term sheet for an extension to its Series B funding round at a valuation uplift which the Fund has adopted.

HEALTHMATCH

HealthMatch's mission is to dramatically accelerate patient recruitment to clinical trials, allowing for faster and more efficient access to life-saving medication. By employing innovative technology, HealthMatch can match patients to clinical trials in a matter of minutes. The company's positive revenue trajectory continued through FY24. Pleasingly, revenue growth is also diversifying and the pipeline for future growth is continuing to strengthen. While the Manager is cautiously optimistic, it remains early in proving out the longer-term sustainability of its revenue growth.

AMBER

Amber is building an energy retailer with a differentiated business model and value proposition that aligns with customer interests, reducing electricity costs and increasing the use of clean renewable energy. Amber's customer acquisition and revenue metrics have improved significantly throughout FY24. In addition, Amber's battery and automation product is delivering promising results with high levels of adoption and positive customer feedback.

Amber completed a funding round at a slight down round valuation which the Fund adopted during FY24. The funding round leaves the company well positioned for the next stage of their journey.

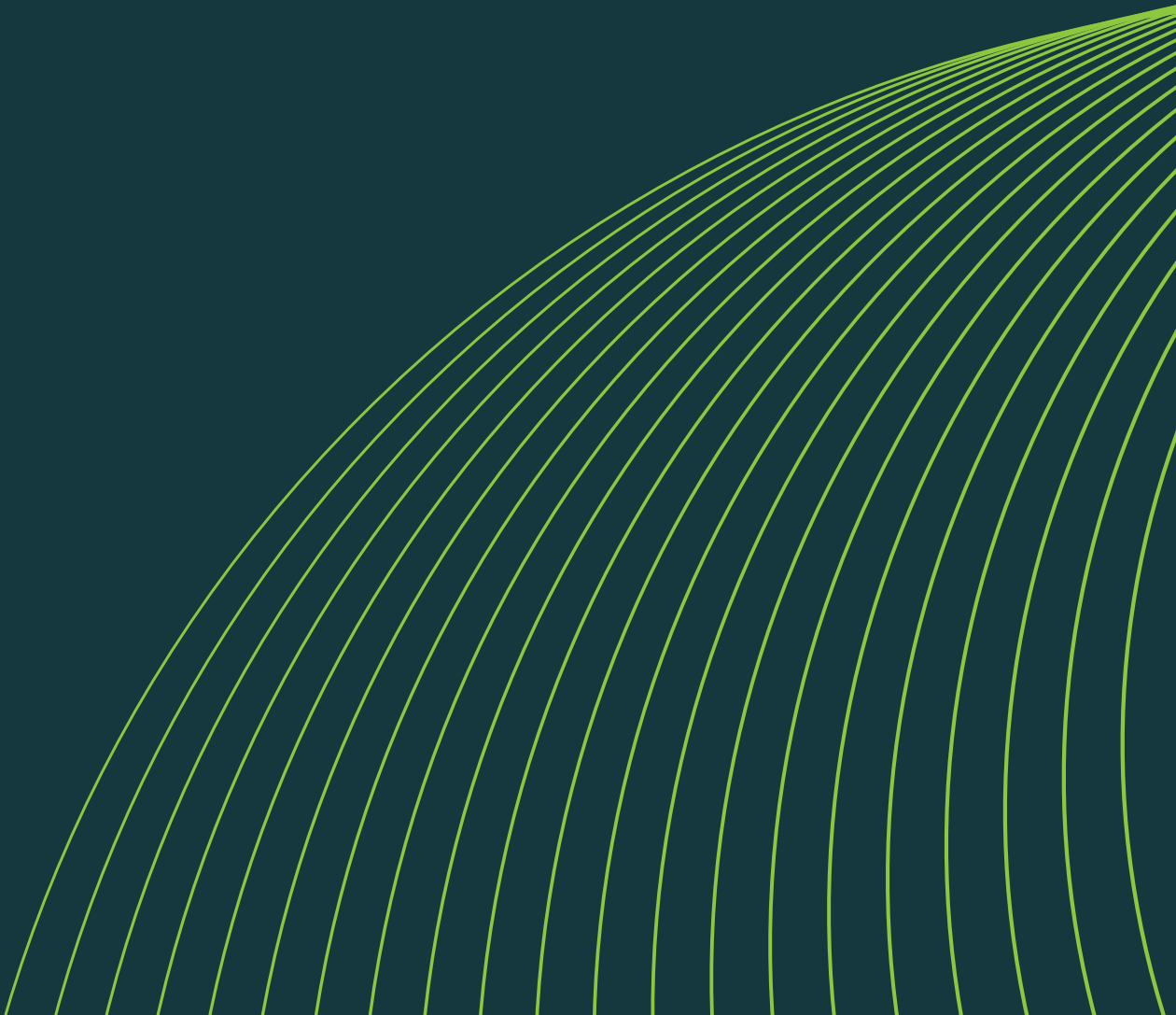
STERNUM

Sternum was founded in 2018 by a team of highly experienced research, development, and business leaders determined to significantly improve the security around the Internet of Things (IoT). The IoT market is growing at an astounding rate and so are attacks on IoT devices. The company has not yet had a material breakthrough in growth and product-market-fit at this time, though it remains well capitalised, providing optionality for the business over the coming years.

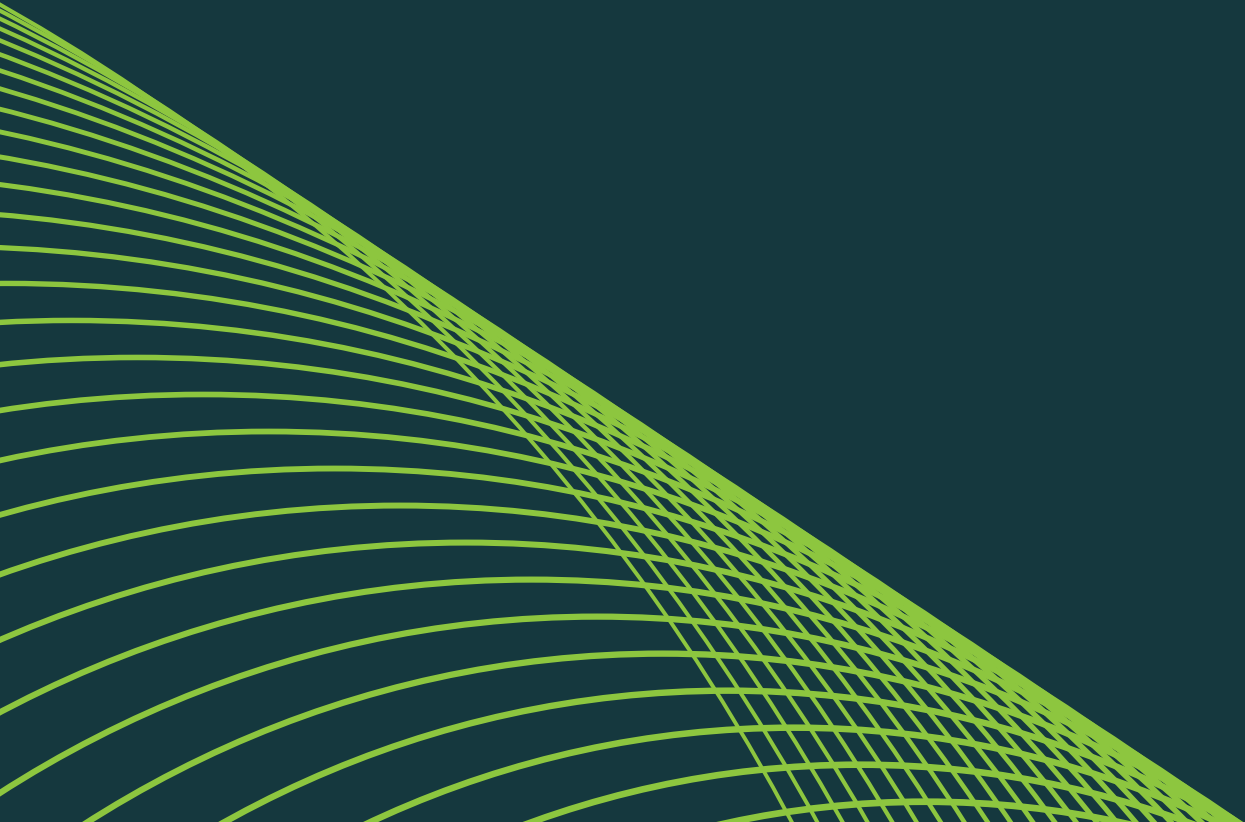
ONLOOP

Onloop restructured during the half-year to enable it to raise capital from new investors. SPFI exited the company for nominal value as part of the restructure.

**VENTURE CAPITAL
OPPORTUNITIES
FUND** INVESTING IN SQUARE PEG II



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DIRECTORS' REPORT

The directors of K2 Asset Management Ltd (**K2**), the Responsible Entity of Venture Capital Opportunities Fund (**Fund**), present their report together with the annual financial statements of the Fund for the financial year ended 30 June 2024.

DIRECTORS

Effective 4 July 2023, K2 Asset Management Ltd replaced E&P Investments Limited as Responsible Entity of the Fund pursuant to an extraordinary resolution passed on 27 June 2023.

The following persons held office as directors of the Responsible Entity during or since the end of the financial year and up to the date of this report:

E&P Investments Limited (resigned effective 4 July 2023)

Stuart Nisbett

Warwick Keneally

Peter Shear

K2 Asset Management Ltd (appointed effective 4 July 2023)

Campbell Neal

Hollie Wight

George Boubouras

Neil Sheather

Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The Fund is an unlisted managed investment scheme registered in Australia. The registered office and principal place of business of the Responsible Entity of the Fund is located at Level 44, 101 Collins Street, Melbourne, Victoria 3000.

The principal activity of the Fund during the year was investing in technology and disruptive companies in the venture capital stage of development focused predominantly in Australia, Israel, and South-East Asia, through its interest in Square Peg Fund II (**SPFII**).

There were no significant changes in the nature of this activity during the year.

REVIEW AND RESULTS OF OPERATIONS

The profit for the Fund after providing for income tax amounted to \$4,617,471 (30 June 2023: \$1,452,913).

The key components of this result included a \$4,768,290 fair value movement gain (2023: \$1,599,340 gain) on the Fund's investment in SPFII. As at 30 June 2024, the Fund had net assets of \$39,455,204 (2023: \$34,837,733) representing \$3.87 per unit (2023: \$3.42 per unit).

The Fund had a basic and diluted earnings per unit of 45.33 cents for the year ended 30 June 2024 (2023: 14.26 cents per unit).

The Fund has invested in SPFI which, in turn, invests in technology and disruptive companies in the venture capital stage of development. SPFI received total commitments of US\$234.5 million, and had made investments into sixteen early stage technology businesses, with two exits as at 30 June 2024. Net drawdown requests made by the underlying companies since inception to the end of the year totalled US\$243.8 million.

The Fund has made total capital commitments of US\$11.2 million to SPFI, representing an interest of 4.8%. The Fund's proportionate share of the total capital US\$11.2 million (or \$16.8 million) was fully called as at 30 June 2024.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 31 July 2024, SPFI announced a fully recallable distribution of US\$1,726,260 and made its twenty-fourth capital call of US\$326,161 simultaneously. The capital call was deducted from the distribution and the net cash distribution of US\$1,400,099 was received on 5 August 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Future developments and expected results of operations

Information on likely developments in the operations of the Fund and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Fund.

ENVIRONMENTAL REGULATION

The Fund is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Other relevant information

The following lists other relevant information required under the *Corporations Act 2001*:

- details of fees paid to the Responsible Entity during the financial year – refer to note 16 to the financial statements
- the Responsible Entity did not hold any interests in the Fund at the end of the financial year
- details of issued interests in the Fund during the financial year – refer to note 11 to the financial statements

FUND ASSETS

The value of the Fund's assets is disclosed in the statement of financial position and derived using the basis set out in Note 3 to the financial statements.

OPTIONS

No options were granted over issued or unissued units in the Fund during, or since the end of, the year.

INDEMNITY AND INSURANCE

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid, during or since the end of the financial year, for all of the directors of the Responsible Entity of the Fund. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of, the financial year, for the auditor of the Fund.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

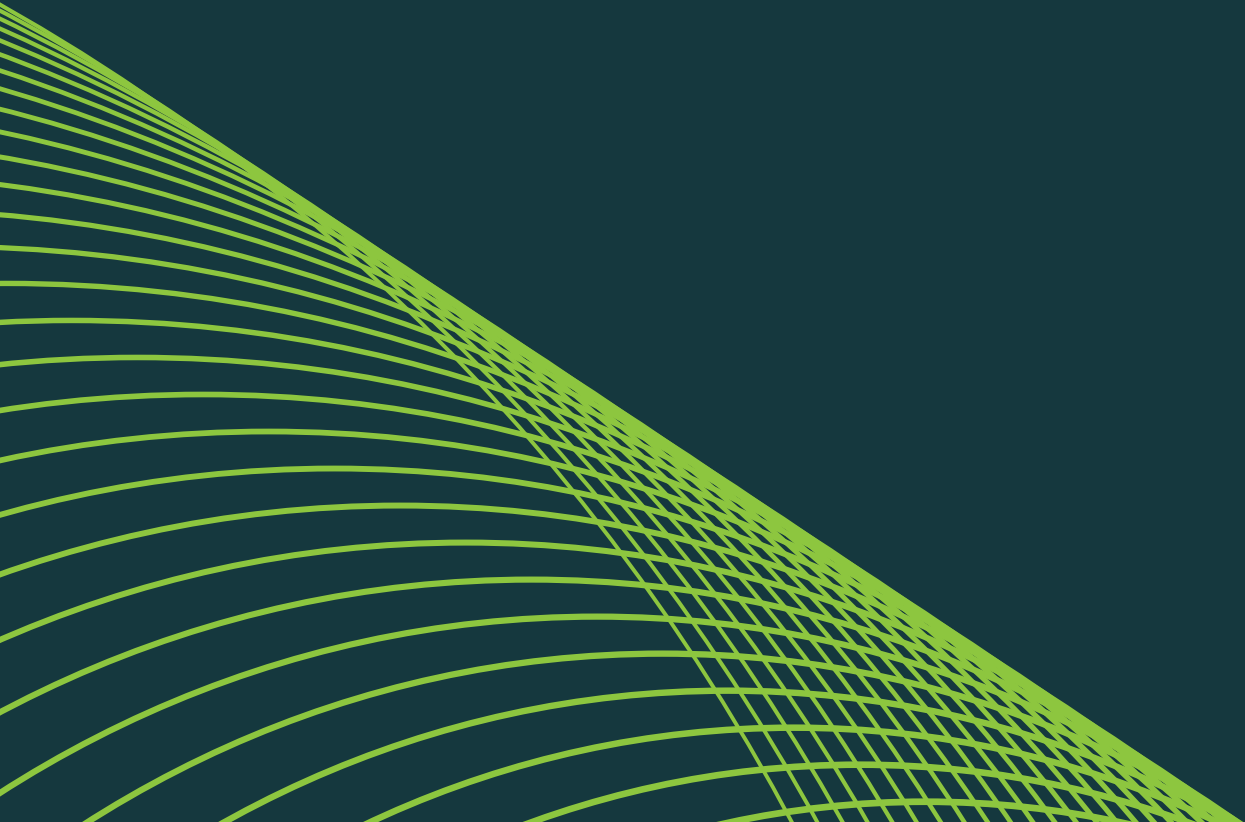
On behalf of the directors



HOLLIE WIGHT

Director of K2 Asset Management Ltd, Responsible Entity
11 September 2024

**VENTURE CAPITAL
OPPORTUNITIES
FUND** INVESTING IN SQUARE PEG II



AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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11 September 2024

The Board of Directors
K2 Asset Management Ltd

As Responsible Entity for:
Venture Capital Opportunities Fund
Level 44, 101 Collins Street,
Melbourne VIC 3000

Dear Board Members

Auditor's Independence Declaration to Venture Capital Opportunities Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of the Responsible Entity for Venture Capital Opportunities Fund.

As lead audit partner for the audit of the financial report of Venture Capital Opportunities Fund for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully


DELOITTE TOUCHE TOHMATSU

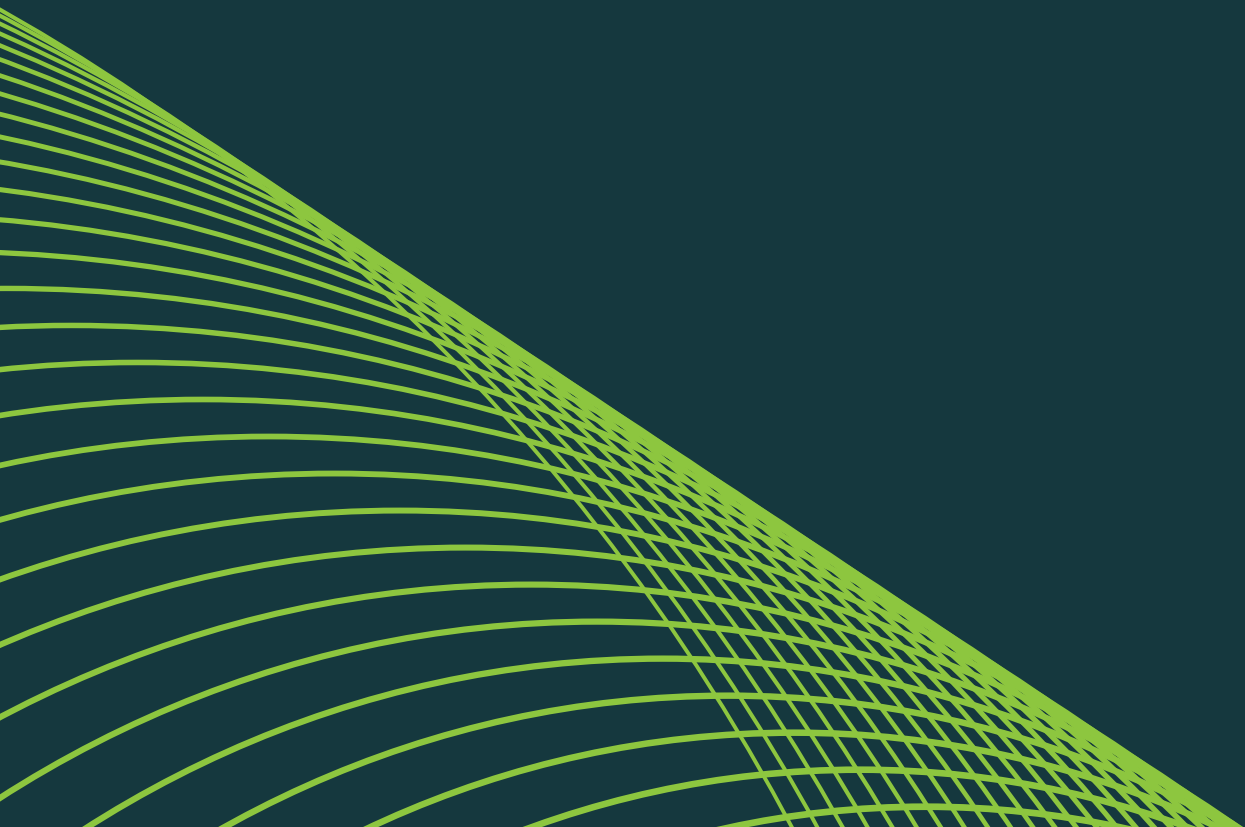


Weng W Ching
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

**VENTURE CAPITAL
OPPORTUNITIES
FUND** INVESTING IN SQUARE PEG II



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Investment income			
Interest income		68,580	52,520
Foreign exchange (loss)/gain		(6,081)	27,894
Fair value movements of equity investments	9	4,768,290	1,599,340
Expenses			
Management and administration fees	16	(213,101)	(208,264)
Other expenses		(217)	(18,577)
Profit before income tax expense		4,617,471	1,452,913
Income tax expense		-	-
Profit after income tax expense for the year		4,617,471	1,452,913
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		4,617,471	1,452,913
		Cents	Cents
Basic earnings per unit	6	45.33	14.26
Diluted earnings per unit	6	45.33	14.26

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 \$	2023 \$
Assets			
Cash and cash equivalents	7	1,531,531	2,131,121
Receivables	8	7,992	9,851
Other financial assets	9	37,932,242	32,732,938
Total assets		39,471,765	34,873,910
Liabilities			
Trade and other payables	10	16,561	36,177
Total liabilities		16,561	36,177
Net assets		39,455,204	34,837,733
Equity			
Issued capital	11	18,043,870	18,043,870
Retained earnings		21,411,334	16,793,863
Total equity		39,455,204	34,837,733

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022	18,043,870	15,340,950	33,384,820
Profit after income tax expense for the year	-	1,452,913	1,452,913
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,452,913	1,452,913
Balance at 30 June 2023	18,043,870	16,793,863	34,837,733

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023	18,043,870	16,793,863	34,837,733
Profit after income tax expense for the year	-	4,617,471	4,617,471
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	4,617,471	4,617,471
Balance at 30 June 2024	18,043,870	21,411,334	39,455,204

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Interest income received		69,517	49,548
Net payments to suppliers		(232,012)	(209,331)
Net cash used in operating activities	17	(162,495)	(159,783)
Cash flows from investing activities			
Payments for investments		(431,014)	(1,305,265)
Net cash used in investing activities		(431,014)	(1,305,265)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(593,509)	(1,465,048)
Cash and cash equivalents at the beginning of the financial year		2,131,121	3,575,259
Effects of exchange rate changes on cash and cash equivalents		(6,081)	20,910
Cash and cash equivalents at the end of the financial year	7	1,531,531	2,131,121

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

1. GENERAL INFORMATION

Venture Capital Opportunities Fund (**Fund**) is a managed investment scheme registered and domiciled in Australia. The investment objective of the Fund is to invest in technology and disruptive companies in the venture capital stage of development predominantly in Australia, Israel and South-East Asia, through its interest in Square Peg Fund II (**SPFII**) which comprises of interest in Square Peg Australia 2018, LP (**LP**) as a limited partner and Square Peg Global 2018 Trust (**Trust**) as an ordinary unitholder (together, **Square Peg Fund II** or **SPFII**).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 September 2024. The directors have the power to amend and reissue the financial statements.

2. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to its operations and effective for the current full year. The impact of the adoption is not material to the Fund's financial report in the current or future reporting periods and on foreseeable future transactions.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

New standards, amendments to standards and interpretations that are effective for annual reporting periods beginning on or after 1 July 2024 have not been early adopted in preparing these financial statements. There are no standards that are not yet effective and that are expected to have a material impact on the Fund.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the Fund are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and are based on historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the AASB and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Fund comply with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The following accounting policies have been adopted in the preparation and presentation of the financial report.

FOREIGN CURRENCIES

The functional and presentation currency of the Fund is Australian dollars. This is based on an assessment that the primary economic environment in which the Fund operates is Australia.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on translation are recognised in profit or loss in the period in which they arise.

INVESTMENT INCOME

Interest income

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Net change in fair value of investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income.

TAXES

Income tax

Under current Australian income tax laws, the Fund is not liable to pay Australian income tax provided it is not a public trading trust and its distributable income for each income year is fully distributed to unitholders, by way of cash or reinvestment.

Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable. Cash flows are presented in the statement of cash flows on a gross basis.

The Fund qualifies for reduced input tax credits at a minimum rate of 55%.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

FINANCIAL INSTRUMENTS

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

Financial assets are subsequently measured at amortised cost using the effective interest rate method only if the following conditions are met, otherwise they are measured at fair value:

- Where a financial asset is held within a business model for the objective to collect contractual cash flows; and
- Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The interest held by the Fund in SPFI does not meet the conditions to satisfy subsequent measurement at amortised cost, and is therefore measured on an ongoing basis at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method. Derivative liabilities are subsequently measured at fair value.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal (or most advantageous) market at balance date under current market conditions. Valuation techniques are applied to determine the fair value for all unlisted securities and securities in markets that are not active. The interest in SPFI held by the Fund is valued using a 'proportionate' value method based on the proportion of the total net asset value (determined on a fair value basis) of SPFI in which the Fund has an interest at each balance date, translated at the applicable balance date foreign exchange rate. Gains and losses arising from changes in the fair value of interest in SPFI are presented in the statement of profit or loss and other comprehensive income within fair value movements of equity investments in the period in which they arise.

Impairment

The Fund recognises a loss allowance for expected credit losses (**ECL**) on financial assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to twelve-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

No impairment assessment is performed in respect of the interest in SPFI, where fair value changes are recorded in profit or loss.

ISSUED CAPITAL

Ordinary units

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of the ordinary units are recognised as a deduction from equity.

EARNINGS PER UNIT

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders by the weighted average number of units outstanding during the financial period. Diluted earnings per unit is the same as there are no potential dilutive ordinary units.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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. Accounting policies which are subject to significant accounting estimates and judgements include fair value determination of the interest held by the Fund in SPFI (refer to note 9 (iv)).

4. OPERATING SEGMENT

The Fund operates a single reportable segment, that being the business of investing in technology and disruptive companies in the venture capital stage of development through its interest in SPFI.

The Responsible Entity of the Fund is the Chief Operating Decision Maker (**CODM**) for the purpose of resource allocation and assessing performance of the operating segment.

Revenue, profit or loss, assets, liabilities and other financial information reported and monitored by the CODM of the single identified segment are reflected in the financial statements and notes to the financial statements of the Fund.

5. DISTRIBUTIONS

There were no distributions paid, recommended or declared during the current or previous financial year.

6. EARNINGS PER UNIT

	2024 \$	2023 \$
Profit after income tax	4,617,471	1,452,913
	NUMBER	NUMBER
Weighted average number of ordinary units used in calculating basic earnings per unit	10,186,723	10,186,723
Weighted average number of ordinary units used in calculating diluted earnings per unit	10,186,723	10,186,723
	CENTS	CENTS
Basic earnings per unit	45.33	14.26
Diluted earnings per unit	45.33	14.26

7. CASH AND CASH EQUIVALENTS

	2024 \$	2023 \$
Cash at bank	1,531,531	2,131,121

The exposure to interest rate risk and a sensitivity analysis is disclosed in note 12 to the financial statements.

8. RECEIVABLES

	2024 \$	2023 \$
Interest receivable	5,158	6,095
GST receivable	2,834	3,756
	7,992	9,851

There are no balances included in receivables that contain assets that are impaired. All receivables are non interest bearing and are generally receivable on 30 day terms. No receivable amounts are overdue. The receivables are recorded at carrying amounts that are reasonable approximations of fair value.

9. OTHER FINANCIAL ASSETS

(i) Equity investment constituting interest in Square Peg Fund II – at fair value:

	2024 \$	2023 \$
Square Peg Global 2018 Trust	31,895,066	27,865,632
Square Peg Australia 2018 LP	6,037,176	4,867,306
Square Peg Fund II	37,932,242	32,732,938

(ii) Reconciliation

	Square Peg Global 2018 Trust \$	Square Peg Australia 2018 LP \$	Total \$
Balance at 1 July 2022	26,148,119	4,310,367	30,458,486
Capital invested – at cost	555,217	119,896	675,113
Movement in fair value through profit or loss*	1,162,296	437,043	1,599,339
Balance at 30 June 2023	27,865,632	4,867,306	32,732,938
Capital invested – at cost	332,117	98,897	431,014
Movement in fair value through profit or loss*	3,474,457	1,293,833	4,768,290
Interfund transfer	222,860	(222,860)	-
Balance at 30 June 2024	31,895,066	6,037,176	37,932,242

*Included in the 'movement in fair value' amount of \$4,768,290 (2023: \$1,599,340) is an unrealised foreign exchange translation loss component of \$106,428 (2023: \$1,108,404 gain). This amount is also net of the Fund's 4.8% share of management fees paid by SPFII to Square Peg Capital (manager of SPFII), totalling US\$230,407 (2023: US\$228,752), and the estimated performance fee of US\$3,525,201 (2023: US\$2,726,127).

(iii) Fund's interest in assets and liabilities of Square Peg Fund II

The 4.8% economic interest held by the Fund is not represented by voting rights or other power vested in the Fund to make decisions relating to the assets and liabilities of Square Peg Fund II, which comprises of investments in Square Peg 2018, LP (LP) as a limited partner and Square Peg Global 2018 Trust (Trust) as an ordinary unitholder. The General Partner of the LP and Trustee of the Trust have delegated all management functions of SPFII to the manager of SPFII, including selecting and managing the investments of SPFII.

(iv) Valuation

Valuation technique adopted

The fair value of the Fund's interest in the SPFII is determined using a 'proportionate' value method based on the Fund's 4.8% interest held in the total net asset value of SPFII.

SPFII holds investments predominantly in early stage venture capital companies which are recognised on an ongoing basis at fair value.

The fair value of the Fund's interest in SPFII is therefore ultimately based on the market valuation techniques adopted by SPFII in the measurement of their underlying unlisted equity investments based on market conditions existing at balance date. The fair value is also subject to foreign exchange translation impacts arising from translating the USD denominated interest in SPFII to AUD at each balance date. Refer to note 12(a) for Market Risk sensitivity analysis.

INVESTMENT RISKS

As noted above, SPFII holds investments predominantly in early stage venture capital companies. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ materially to the estimated fair values at balance date. Valuation techniques used by SPFII include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs. As such, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. These differences would directly impact the value of the interest held by the Fund in SPFII.

(v) Capital commitments

As at 30 June 2024, the Fund has made capital commitments totalling US\$11.2 million to SPFII, the Fund has called capital in full and no uncalled capital commitments outstanding to SPFII.

10. TRADE AND OTHER PAYABLES

	2024 \$	2023 \$
Trade payables	16,561	36,177

Refer to note 12 for further information on financial instruments.

The average credit period for trade creditors is generally 30 days. No interest is charged on trade creditors from the date of the invoice. The Fund has risk management policies in place to ensure invoices are paid within credit terms.

11. ISSUED CAPITAL

	2024 Units	2023 Units	2024 \$	2023 \$
Ordinary units - fully paid	10,186,723	10,186,723	18,043,870	18,043,870

ORDINARY UNITS - FULLY PAID

All issued units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions declared from time to time by the Responsible Entity.

There were no movements in issued capital during the full-year.

CAPITAL MANAGEMENT

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital amounting to \$18,043,870. The Fund is not subject to any externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Fund is exposed to the following risks from its use of financial instruments:

- market risk (foreign exchange risk, market price risk and interest rate risk)
- credit risk
- liquidity risk.

The Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Fund is primarily exposed to market risks arising from fluctuations in market price risk, foreign currency and interest rates. Refer to note 9(iv) for further details of risks relating to equity prices.

FOREIGN EXCHANGE RISK

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. Foreign exchange rate movements will impact on the Australian dollar value of the Fund's financial assets and liabilities denominated in a currency that is not the Fund's functional currency.

The Fund is exposed to USD foreign exchange risk through its USD denominated cash balances, its investment activities and income derived from these activities.

The table below details the carrying amounts of the Fund's foreign exchange risk as at the end of the reporting period. This represents the Australian dollar exposure, converted at an exchange rate of 0.6670.

	2024 \$	2023 \$
Cash and cash equivalents	1,124	438,204
Receivables	-	7
Other financial assets (equity investments)	37,932,242	32,732,938
	37,933,366	33,171,149

SENSITIVITY ANALYSIS

The effect of the foreign exchange risk relating to equity investments (investment in SPFI) is recorded in profit or loss as part of the overall fair value movement in the investment (refer to note 9(ii)). The effect of foreign exchange risk relating to cash and cash equivalents is recorded in profit or loss as a foreign exchange gain or loss.

The Fund considers a 10% movement in the AUD against USD as at 30 June 2024 (2023: 10%) to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of AUD against USD in profit or loss and equity is shown by the amounts below as it relates to cash and cash equivalents, receivables and equity investments. This analysis assumes that all other variables remain constant.

2024	AUD strengthened			AUD weakened		
	% Change	Effect on profit before tax	Effect on profit before tax	% Change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	10%	(102)	(102)	(10%)	125	125
Receivables	10%	-	-	(10%)	-	-
Equity investments	10%	(3,448,386)	(3,448,386)	10%	4,214,694	4,214,694
		(3,448,488)	(3,448,488)		4,214,819	4,214,819

2023	AUD strengthened			AUD weakened		
	% Change	Effect on profit before tax	Effect on profit before tax	% Change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	10%	(39,837)	(39,837)	(10%)	48,689	48,689
Receivables	10%	1	1	(10%)	(1)	(1)
Equity investments	10%	(2,975,722)	(2,975,722)	(10%)	3,636,993	3,636,993
		(3,015,558)	(3,015,558)		3,685,681	3,685,681

MARKET PRICE RISK

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to individual investments or factors affecting all instruments traded in the market.

SENSITIVITY ANALYSIS

The Fund considers a 10% increase or decrease to be a reasonably possible change in market prices at the reporting date. The sensitivity analysis below reflects the Fund's proportionate exposure to market price risk of the underlying equity investments of SPFI including any foreign exchange impact. The impact of a 10% movement in market prices (excluding foreign exchange impact) on profit or loss and equity is shown in the table below:

2024	Average price increase			Average price decrease		
	% Change	Effect on profit before tax	Effect on profit before tax	% Change	Effect on profit before tax	Effect on equity
Equity investments	10%	3,793,224	3,793,224	(10%)	3,793,224	3,793,224

2023	Average price increase			Average price decrease		
	% Change	Effect on profit before tax	Effect on profit before tax	% Change	Effect on profit before tax	Effect on equity
Equity investments	10%	3,273,294	3,273,294	(10%)	(3,273,294)	(3,273,294)

INTEREST RATE RISK

The Fund is exposed to interest rate risk on its variable rate bank deposits. The Fund currently does not hedge against this exposure.

SENSITIVITY ANALYSIS

The Fund considers a 100 basis point (2023: 100 basis point) increase or decrease to be a reasonably possible change in interest rates in an environment of tightening monetary policy. The impact of a 100 basis point movement in interest rates on profit or loss and equity is shown in the table below.

2024	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Variable rate bank deposits	100	15,315	15,315	(100)	(15,315)	(15,315)

2023	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Variable rate bank deposits	100	21,311	21,311	(100)	(21,311)	(21,311)

b) Credit risk

Credit risk is the risk that contracting parties to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund manages credit risk by ensuring deposits are made with reputable financial institutions with investment grade credit ratings.

The carrying amount of financial assets that represents the maximum credit risk exposure at the end of reporting period are detailed below:

	2024 \$	2023 \$
Summary of exposure		
Cash and cash equivalents	1,531,531	2,131,121
Interest receivable	2,834	6,095
GST receivable	5,158	3,756
	1,539,523	2,140,972

c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity primarily comprises cash at bank totalling \$1,531,531 at 30 June 2024. It is held to cover the Fund's day-to-day running costs and expenditures.

The following is the contractual maturity of financial liabilities and capital commitments. The table has been drawn based on the undiscounted cash flows of liabilities based on the earliest date on which the Fund can be required to settle the liability.

2024	Less than 12 months \$	At call \$	Remaining contractual maturities \$
Non-derivatives			
<i>Non-interest bearing</i>			
Trade and other payables	16,561	-	16,561
Total non-derivatives	16,561	-	16,561

2023	Less than 12 months \$	At call \$	Remaining contractual maturities \$
Non-derivatives			
<i>Non-interest bearing</i>			
Trade and other payables	36,177	-	36,177
Capital commitments	-	437,093	437,093
Total non-derivatives	36,177	437,093	473,270

13. FAIR VALUE MEASUREMENT

FAIR VALUE

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets and financial liabilities. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

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

2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in Square Peg Fund II	-	-	37,932,242	37,932,242
Total assets	-	-	37,932,242	37,932,242

2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in Square Peg Fund II	-	-	32,732,938	32,732,938
Total assets	-	-	32,732,938	32,732,938

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the financial year.

Details of the determination of level 3 fair value measurements including the valuation technique adopted and the key underlying unobservable inputs used are set out in note 9.

The Fund has continued to follow its established policies and process (as set out in this note) in managing risk and determining the fair value of the financial assets and liabilities as at the reporting date. No changes were required to the principles used in applying the fair value measurement hierarchy to financial assets and liabilities held, with each asset and liability continuing to be classified in a manner which reflects the significance and observability of the inputs used in the valuation.

14. CONTINGENT LIABILITIES

The directors of the Responsible Entity are not aware of any potential liabilities or claims against the Fund as at balance date.

15. CAPITAL COMMITMENTS

The Fund does not have any capital commitments outstanding for the financial year ended 30 June 2024.

16. RELATED PARTY DISCLOSURES

Parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individual or other entities.

The Responsible Entity of the Fund during the period until 4 July 2023 was E&P Investments Limited (former Responsible Entity). The Responsible Entity of the Fund from 4 July 2023 is K2 Asset Management Ltd (Responsible Entity).

KEY MANAGEMENT PERSONNEL

Key management personnel include persons who were directors of the Responsible Entity at any time during or since the end of the financial year and up to the date of this report. The following persons held office as directors of the responsible entity during or since the end of the financial year and up to the date of this report:

E&P Investments Limited

(resigned effective 4 July 2023)

Stuart Nisbett

Warwick Keneally

Peter Shear

K2 Asset Management Ltd

(appointed effective 4 July 2023)

Campbell Neal

Hollie Wight

George Boubouras

Neil Sheather

The key management personnel do not receive compensation from the Fund or from the Responsible Entity directly for their management function performed for the Fund.

As at reporting date, no directors held units for their own benefit or had interest in holdings through a third party.

RELATED PARTY INVESTMENTS IN THE SCHEME

The Responsible Entity or its associates does not hold any investments in the scheme.

RESPONSIBLE ENTITY SERVICES

a) Responsible Entity and Administration fees

The Responsible Entity's duties include establishing the compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund. Effective 4 July 2023, K2 Asset Management Ltd replaced E&P Investments Limited as Responsible Entity of the Fund.

E&P Investments Limited, as former Responsible Entity of the Fund, charged a fee of 0.58% per annum (exclusive of GST) of the gross asset value of the Fund, representing a Responsible Entity fee of 0.08% (exclusive of GST) per annum and an Administration fee of 0.50% per annum (exclusive of GST). The total Responsible Entity and Administration fees paid or payable to the Responsible Entity for the year ended 30 June 2024 were \$2,198 (2023: \$200,014), exclusive of GST, and included in management and administration fees in profit or loss. There were no outstanding management fees to the former Responsible Entity as at 30 June 2024.

The current Responsible Entity, K2 Asset Management Ltd charges a fee of 0.575% per annum (exclusive of GST) on the gross asset value of the Fund, representing a Responsible Entity fee of 0.075% (exclusive of GST) per annum and an Administration fee of 0.50% per annum (exclusive of GST). Total Responsible Entity and Administration fees paid or payable to the Responsible Entity for the year ended 30 June 2024 was \$201,787 (2023: nil), exclusive of GST, and included in management and administration fees in profit or loss.

b) Fund administration fee

Australian Fund Accounting Services Pty Limited, a related party of the former Responsible Entity, provided fund administration services to the Fund under an agreement with the former Responsible Entity. These services included net asset valuation, management accounting, statutory reporting, capital management and taxation. This service agreement ceased on 3 July 2023. The former Responsible Entity bore the cost of the fund administration services and, as such, there were no fund administration fees paid out of the assets of the Fund for the year ended 30 June 2024.

From 3 July 2023, K2 Asset Management Ltd commenced provision of fund administration services to the Fund. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. The Responsible Entity bears the cost of the fund administration services and, as such, there were no fund administration fees paid out of the assets of the Fund.

17. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2024 \$	2023 \$
Profit after income tax expense for the year	4,617,471	1,452,913
Adjustments for:		
Fair value movements of equity investments	(4,768,290)	(1,599,340)
Net foreign exchange loss/(gain)	6,081	(27,894)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables (excluding receivables from unitholders)	1,861	(3,773)
(Decrease)/increase in payables (excluding other payables)	(19,618)	18,311
Net cash used in operating activities	(162,495)	(159,783)

18. REMUNERATION OF AUDITORS

During the financial year, the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Fund:

	2024 \$	2023 \$
Audit services - Deloitte Touche Tohmatsu		
<i>Audit or review of the financial statements</i>	40,500	33,640
Other services - Deloitte Touche Tohmatsu		
Taxation services	6,000	-
	46,500	33,640

K2 Asset Management Ltd, the Responsible Entity of the Fund, has agreed to bear the cost of the audit for the reporting period.

19. EVENTS AFTER THE REPORTING PERIOD

On 31 July 2024, SPFI announced a fully recallable distribution of US\$1,726,260 and made its twenty-fourth capital call of US\$326,161 simultaneously. The capital call was deducted from the distribution and the net cash distribution of US\$1,400,099 was received on 5 August 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

DIRECTORS' DECLARATION

30 JUNE 2024

The directors of the Responsible Entity declare that, in the directors' opinion:

- the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and the *Corporations Regulations 2001*;
- the attached financial statements are in compliance with International Financial Reporting Standards as stated in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity



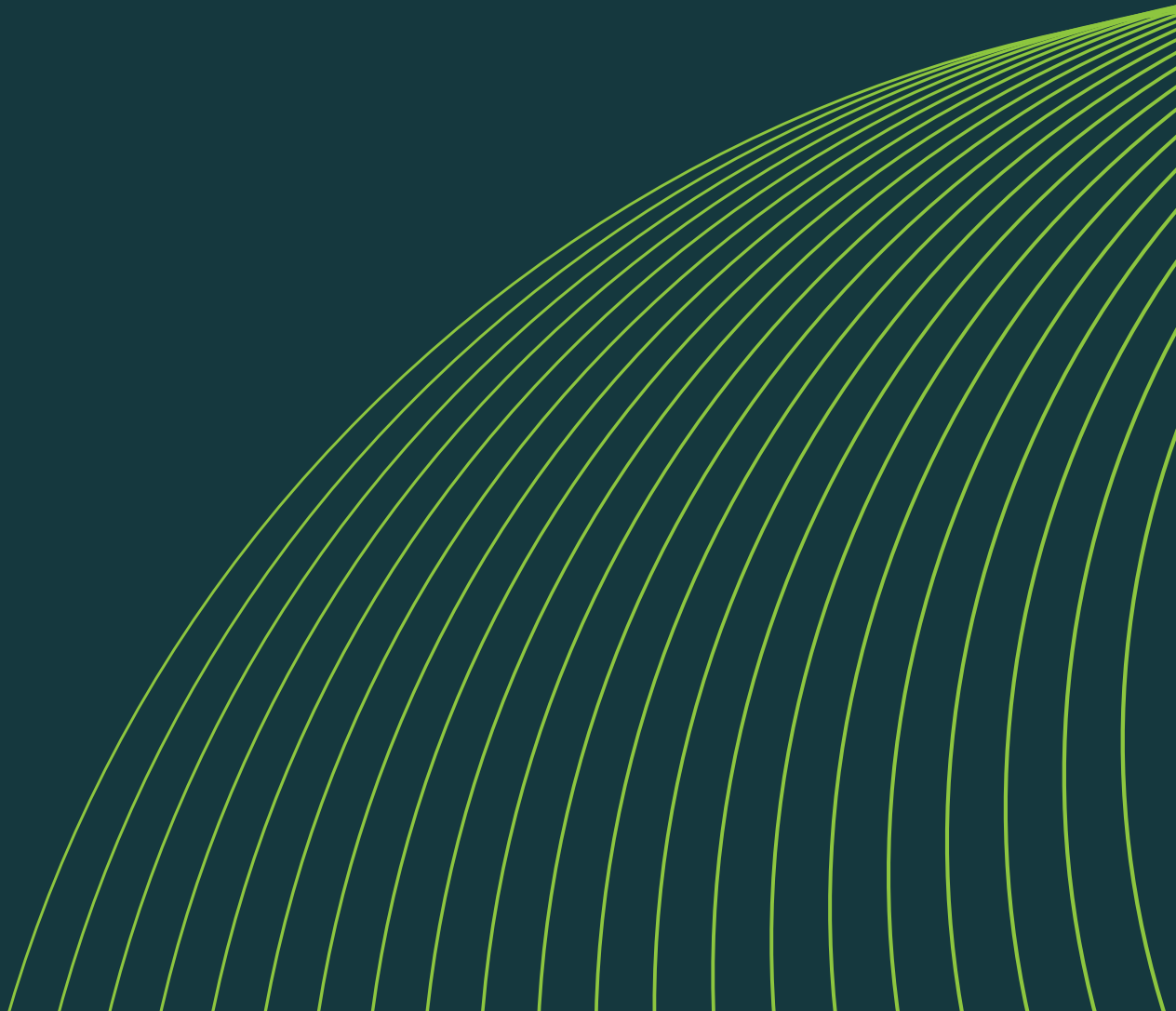
HOLLIE WIGHT

Director of K2 Asset Management Ltd, Responsible Entity

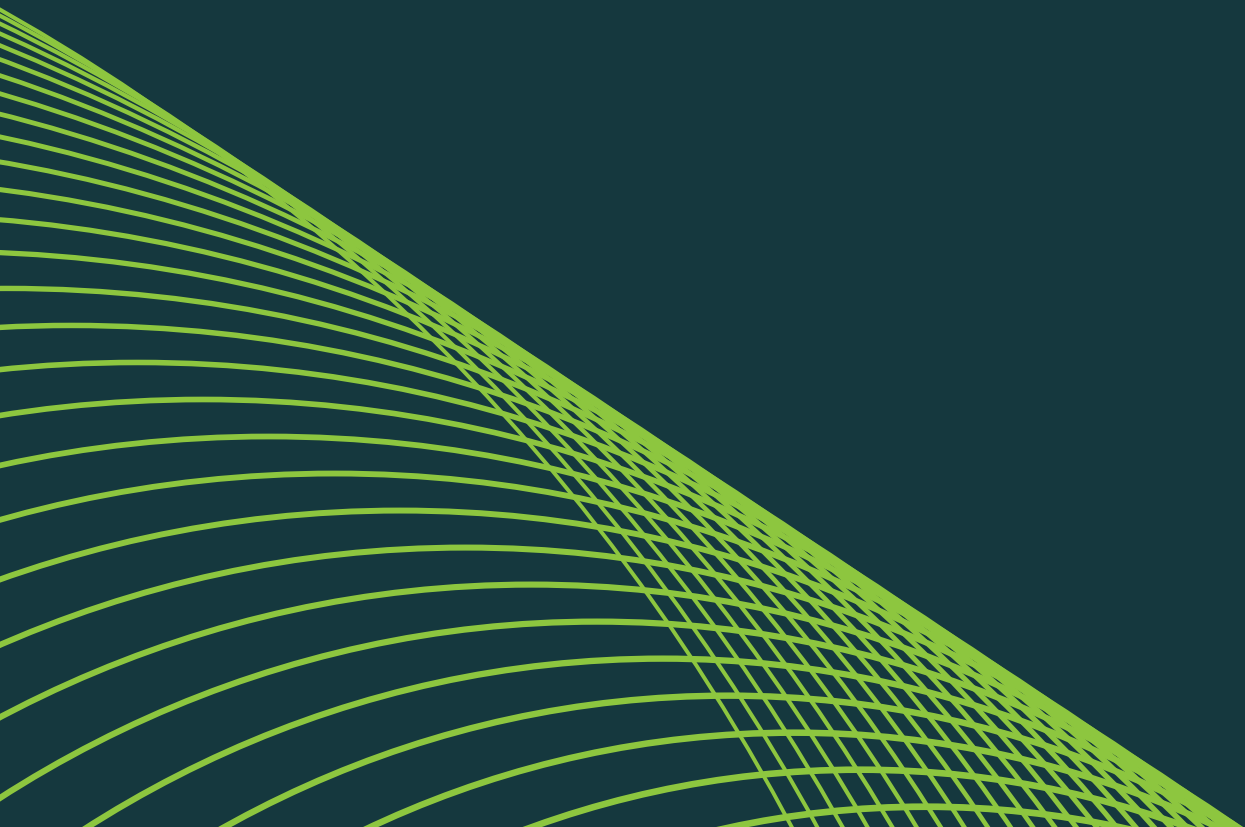
11 September 2024

VENTURE CAPITAL OPPORTUNITIES FUND

INVESTING IN SQUARE PEG II



**VENTURE CAPITAL
OPPORTUNITIES
FUND** INVESTING IN SQUARE PEG II



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENTURE CAPITAL OPPORTUNITIES FUND

Deloitte.

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Independent Auditor's Report to the Unitholders of Venture Capital Opportunities Fund

Opinion

We have audited the financial report of Venture Capital Opportunities Limited (the "Fund") which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of K2 Asset Management Ltd, the Responsible Entity of the Fund ("the directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' letter, Portfolio positioning and Directors' Report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

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Responsibilities of the Directors for the Financial Report

The directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund 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 Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, 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 Fund'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 the Fund'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 report 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 Fund to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.


DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants
Sydney, 11 September 2024



**VENTURE CAPITAL
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