

Australian Corporate Bond Trust and its controlled entities

ARSN 603 010 779

**Annual report
For the year ended 30 June 2023**

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This annual report covers Australian Corporate Bond Trust and its controlled entities as a consolidated entity.

The Responsible Entity of Australian Corporate Bond Trust is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of the Australian Corporate Bond Trust (the "Trust"), present their report together with the financial statements of Australian Corporate Bond Trust and its controlled entities (collectively "the Group"), for the year ended 30 June 2023.

Principal activities

The principal activity of the Group is to give investors exposure to a range of leading Australian companies corporate bonds via the ASX AQUA platform. These bonds are held in the wholly-owned sub-trusts (controlled entities) of the Group.

The Group did not have any employees during the year.

There were no significant changes in the nature of the Group's activities during the year.

The various service providers for the Group are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Securities Manager	Australian Corporate Bond Company Limited
Custodian	Certane CT Pty Ltd
Statutory Auditor	Pitcher Partners (Sydney)

The Trustee of the controlled entities is EQT Responsible Entity Services Limited (a related entity to the Responsible Entity).

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

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

Review of results and operations

During the year, the Group continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Group's Constitution.

There is no benchmark for the Group's performance as the Group's profit is fully distributed to its unit holders.

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

	Year ended	
	30 June 2023	30 June 2022
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	2,929	3,702
Distributions paid and payable (\$'000)	3,082	5,748
Distributions (cents per unit)	318	924

The basis of valuation of the assets is disclosed in Note 2 to the financial statements.

Directors' report (continued)

Significant changes in the state of affairs

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

In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

Matters subsequent to the end of the financial year

On 31 August 2023, Equity Trustees Limited as the Responsible Entity and issuer of the Australian Corporate Bond Trust and its controlled entities (ARSN 603 010 779) advised that the Securities Manager for the XTB series, Australian Corporate Bond Company (ABN 34 169 442 657), has appointed an external administrator. EQT has requested a suspension of the XTB series until such a time that either a new Securities Manager is appointed, or an application is made to revoke from trading status.

No other matters or circumstances have arisen since 30 June 2023 that have significantly affected, or may have a significant effect on:

- (i) the operations of the Group in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

The Group will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Group's Constitution.

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

Indemnifications and insurance of officers

No insurance premiums are paid for out of the assets of the Group in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Group's Constitution and the Law, the officers remain indemnified out of the assets of the Group against losses incurred while acting on behalf of the Group.

Indemnification of the auditor

The auditor of the Group is in no way indemnified out of the assets of the Group.

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

Fees paid to the Responsible Entity and its associates out of Group property during the year are disclosed in Note 11 to the financial statements.

No fees were paid out of Group property to the directors of the Responsible Entity during the year.

The number of interests in the Group held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 11 to the financial statements.

Interests in the Group

The movement in units on issue in the Group during the year is disclosed in Note 5 to the financial statements.

The value of the Group's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Options granted

No options were granted:

- i over unissued units in the Group during or since the end of the financial year; or
- ii to the Responsible Entity.

No unissued units in the Group were under option or at the date on which the report was made.

No units were issued in the Group during or since the end of the financial year as a result of the exercise of an option over unissued units in the Group.

Directors' report (continued)

Environmental regulation

The operations of the Group are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

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

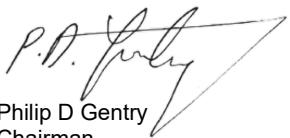
Tax treatment of the Group

The financial accounting treatment applied to the Group in the consolidated financial statements differs from the treatment of the Underlying Bonds held by the Group for income tax purposes. The Group will hold the Underlying Bonds on revenue account. Any gain made by the Group on redemption or disposal of the Underlying Bonds should be assessable as ordinary income and any payment for the acquisition of the Underlying Bonds should be a deductible expense.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
27 September 2023



Pitcher Partners Sydney Partnership

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**Auditor's Independence Declaration
To the Directors of Equity Trustees Limited
As Responsible Entity of Australian Corporate Bond Trust and its controlled entities
ARSN 603 010 779**

In relation to the independent audit of Australian Corporate Bond Trust and its controlled entities for the year ended 30 June 2023, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

A handwritten signature in black ink, appearing to read "S. Whiddett".

Scott Whiddett
Partner

Pitcher Partners
Sydney

27 September 2023

Australian Corporate Bond Trust and its controlled entities
Consolidated statement of comprehensive income
For the year ended 30 June 2023

Consolidated statement of comprehensive income

	Note	Year ended 30 June 2023 \$'000	30 June 2022 \$'000
Investment income			
Interest income from financial assets at amortised cost		3,247	2,850
Gain/(loss) from redemption of bonds		<u>(318)</u>	<u>851</u>
Total investment income/(loss)		<u>2,929</u>	<u>3,701</u>
Total expenses		-	-
Profit/(loss) before finance costs attributable to unit holders for the year		<u>2,929</u>	<u>3,701</u>
Finance costs attributable to unit holders			
Distributions to unit holders	5	(3,082)	(5,748)
(Increase)/decrease in net assets attributable to unit holders	5	<u>153</u>	<u>2,047</u>
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

Australian Corporate Bond Trust and its controlled entities
Consolidated statement of financial position
As at 30 June 2023

Consolidated statement of financial position

		As at	
	Note	30 June 2023 \$'000	30 June 2022 \$'000
Assets			
Cash and cash equivalents	7	-	6,649
Interest receivable		712	441
Financial assets at amortised cost	4	<u>94,740</u>	<u>63,952</u>
Total assets		<u>95,452</u>	<u>71,042</u>
Liabilities			
Unallocated applications		-	-
Distributions payable		-	-
Redemptions payable		-	-
Total liabilities (excluding net assets attributable to unit holders)		<u>-</u>	<u>-</u>
Net assets attributable to unit holders - liability	5	<u>95,452</u>	<u>71,042</u>

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

Australian Corporate Bond Trust and its controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2023

Consolidated statement of changes in equity

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

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

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

Australian Corporate Bond Trust and its controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2023

Consolidated statement of cash flows

		Year ended	
	Note	30 June 2023 \$'000	30 June 2022 \$'000
Cash flow from operating activity			
Interest income received from financial assets at amortised cost		<u>3,082</u>	5,748
Net cash inflow from operating activity	8	<u>3,082</u>	5,748
Cash flows from investing activities			
Proceeds from sale of financial instruments at amortised cost		9,306	42,443
Proceeds from maturity of financial instruments at amortised cost		3,910	40,241
Payments for purchase of financial instruments at amortised cost		<u>(44,428)</u>	(13,619)
Net cash (outflow)/inflow from investing activities		<u>(31,212)</u>	69,065
Cash flows from financing activities			
Proceeds from applications by unit holders	5	44,428	20,268
Payments for redemptions by unit holders		(15,955)	(42,443)
Payments for maturity of units		(3,910)	(40,241)
Distributions paid to unit holders		(3,082)	(5,748)
Net cash inflow/(outflow) from financing activities		<u>21,481</u>	(68,164)
Net (decrease)/increase in cash and cash equivalents		<u>(6,649)</u>	6,649
Cash and cash equivalents at the beginning of the year		<u>6,649</u>	-
Cash and cash equivalents at the end of the year		-	6,649

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

Notes to the financial statements

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1. General information

These consolidated financial statements and notes represent those of the Australian Corporate Bond Trust and its controlled entities (collectively "the Group"). The Group is an Australian registered managed investment scheme which was constituted on 20 November 2014 and will terminate in accordance with the provisions of the Group's Constitution or by Law.

The Responsible Entity of the Group is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The principal activity of the Group is to give investors exposure to a range of leading Australian companies corporate bonds via the ASX AQUA platform. These bonds are held in the wholly-owned sub-trusts (controlled entities) of the Group.

The Net Asset Values of the Group continue to be valued in accordance with the frequency set out in the Group's Offer Documents, applying valuation policies reflective of the prevailing market conditions.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, with investments measured at amortised cost, except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Group manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

i Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Group also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii New and amended standards adopted by the Group

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

iii New standards and interpretations not yet adopted

There are no new standards, amendments or interpretations not yet adopted that would have a material impact for the Company this financial period.

2. Summary of significant accounting policies (continued)

b. Functional currency

The consolidated financial statements are presented in Australian Dollars, which is the Group's functional and presentation currency.

c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

d. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Trust at the end of reporting year. A controlled entity has the power to govern the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 9 to the consolidated financial statements.

Intercompany transactions, balances and unrealised gains on transactions between entities, if any, in the consolidated entity are eliminated. Unrealised losses, if any, are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the controlled entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

e. Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

f. Use of estimates and judgements

The Group makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Group's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Securities Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Group estimates the expected credit loss (ECL) using impairment model. Please see Note 3 for more information on credit risk.

g. Financial instruments

i. Financial assets

Corporate bonds

Corporate bonds are debt instruments issued by both listed and unlisted companies and are subsequently measured at amortised cost on the basis that:

- they are held within a business model whose objective is achieved by the Group holding the asset to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Summary of significant accounting policies (continued)

g. Financial instruments (continued)

The amortised cost of a corporate bond is the amount at which the financial asset is measured at initial recognition minus the principal repayments received, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

ii. Financial liabilities

Financial liabilities include unallotted applications and net assets attributable to unit holders.

Non-derivative financial liabilities are subsequently measured at amortised cost.

Derecognition

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. 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.

Impairment

At each reporting date, the Group shall estimate a loss allowance on each of the financial assets carried at amortised cost (corporate bonds and interest receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

h. Unit prices

The unit price is based on unit price accounting outlined in the Group's Constitution and Product Disclosure Statement.

i. Distributions

In accordance with the Group's Constitution, the Responsible Entity must determine the distributable income of the Group for each distribution period. Specifically, in the Group's Product Disclosure Statement, where the bond issuer makes a coupon payment on the Underlying Bonds, unit holders in that class are entitled to receive income as distribution. Distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

j. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represent the Group's main income generating activity.

k. Interest receivables

Interest receivables relate to the amounts due from the issuers of the Underlying Bonds.

Interest receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Refer to Note 2(f) for further discussion on the determination and treatment of impairment losses.

2. Summary of significant accounting policies (continued)

I. Increase/(decrease) in net assets attributable to unit holders

There are 21 separate classes of units on issue as at 30 June 2023 (2022: 22) and each class is referable to a particular pool of assets and liabilities held with the Group. Unit holders participate in distributions and the proceeds on the winding up the Group in proportion to the number of units held in each class.

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

m. Classification of unit holders funds as liability

Units are redeemable at the option of the unit holders if the unit holders apply to redeem at least the minimum redemption amount. The units are classified as liabilities as the Group is required to distribute the distributable income within a period after the receipt of coupon payments from the issuers of the Corporate Bonds.

n. Rounding of amounts to the nearest thousand dollars

Amounts in Directors' Report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

o. Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

p. Taxation

Under the current tax legislation, the Group is not subject to income tax provided that the unit holders are presently entitled to the income from the Group and the Group entirely distributes its taxable income.

There is no taxable income of the Group to which the unit holders are not currently entitled. Additionally, the Group Constitution requires the distribution of the full amount of the net taxable income of the Group to unit holders each year. Refer to Note 2(i) for information relating to distributions.

3. Financial risk management and fair value measurement

a) Financial risk management policies

The main risks that the Group is exposed to are credit risk, liquidity risk and market risk relating to interest rate risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Securities Manager's objectives, policies and processes for managing or measuring the risks during the year.

i Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognise financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and the relevant notes.

The Group's credit exposure is to the creditworthiness of the underlying Bond Issuers. However, the credit risk to the Bond Issuer of the underlying bond is passed through to the Exchange Traded Bond (XTB) Holders. There is no material exposure to a single entity or group under the financial instruments entered into by the Group.

There are no amounts of collateral held as security at 30 June 2023.

	As at	
	30 June	30 June
	2023	2022
	\$'000	\$'000
Financial assets		
Interest receivables	Between BBB and A/A2 n/a	\$'000 94,740 712 <hr/> 95,452
Total		\$'000 63,952 441 <hr/> 64,393

3. Financial risk management and fair value measurement (continued)

a) Financial risk management policies (continued)

The aging of the Group's interest receivable and unsettled trades at the reporting date was:

	As at		As at	
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Current	712	-	441	-

No loss allowance for lifetime expected credit losses is recognised because the financial assets are of a good quality, have no historical loss rate and no receivables are past due or impaired.

ii Market risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The investments of the Group are not carried at fair value but carried at amortised cost, therefore, any changes in the market interest rates have no impact to the investments.

The Group's future cash flows in relation to its fixed and floating interest investments are not affected by any changes in the market interest rates. For floating interest investments, the coupon rate for the next payment is fixed as at the previous coupon date which falls on or before 30 June 2023, and therefore is also not affected by any changes in the market interest rates.

No sensitivity analysis on the exposure to changes in market interest rates was prepared since the Group are not affected by these changes at year end.

iii Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities when they fall due.

The Group had no borrowings at 30 June 2023 (2022: \$nil). The distribution obligations of the Group will be met by the cash inflows from coupons from Underlying Bonds which are received at regular intervals and are dependent on fixed payments of interest and principal, which are declared as distributions. There were \$3,082,733 distributions made during the year (2022: \$5,748,403).

Where the market for an Underlying Bond becomes illiquid, it is possible that the value of that bond might be affected. As XTBs are linked to the performance of the Underlying Bonds, it is likely that any illiquidity in the Underlying Bond market will also result to the corresponding Class of XTB to become illiquid. The liquidity risk is essentially passed on to the XTB Holder. Should XTBs be redeemed and Underlying Bonds delivered to the Authorised Participant, the liquidity risk is transferred back to the Underlying Bond being delivered.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
As at 30 June 2023				
<i>Non-interest bearing</i>				
Net assets attributable to unit holders - liability	4,609	71,807	19,036	95,452
Total	4,609	71,807	19,036	95,452

As at 30 June 2022

Non-interest bearing

Net assets attributable to unit holders - liability	5,694	43,388	21,960	71,042
Total	5,694	43,388	21,960	71,042

Units are redeemed on demand at the unit holders' option. The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

3. Financial risk management and fair value measurement (continued)

b) Fair value measurement

The Group's financial assets pertain to underlying corporate bonds, cash and cash equivalents, and interest receivable. The financial liabilities pertain to the net assets attributable to the unit holders. The carrying values of these cash and cash equivalents and receivables and financial liabilities approximate its fair values as at 30 June 2023 and 30 June 2022 due to their short-term nature.

c) Financial instruments not carried at fair value

As at 30 June 2023, most of the corporate bonds' carrying value differs from its fair value. This is mainly due to rises in interest rates globally as a result of market conditions, the market value of the underlying bonds (of which the XTBs are directly linked to) has dropped due to the inverse relationship between interest rate yields and prices. As the carrying value of the XTBs are based on purchased prices (when yields were lower and prices are higher), this has resulted in a greater divergence between the XTBs carrying value and fair value.

The fair values are the prices quoted on the relevant stock exchange as at the close of trading on 30 June 2023.

However, as XTB prices reduce (as a result of increasing yields), they become more favourable to investors, and an increase in XTBs purchased at these prices is anticipated (which will lower the average book value) and this will close the gap between the carrying value and the fair value of the XTBs.

No loss allowance has been recognised as bonds are held in the Trust with the intention to hold to maturity, and in the event of redemptions, any discrepancies between fair value and carrying value are recognised as gains/losses on sale of the bonds from the Trust.

The table below presents the Group's financial assets at fair value.

	Maturity date	As at	
		30 June 2023	30 June 2022
		\$'000 Fair value	\$'000 Fair value
Ampol Limited	17-Apr-25	6,609	2,965
APT Pipelines Ltd	20-Oct-23	1,024	1,024
Ausnet Services Holdings Pty Ltd	16-Aug-27	3,256	3,278
Aurizon Holdings Ltd	2-Sep-30	390	-
Coles Group Ltd	6-Nov-29	422	-
Downer EDI Ltd	29-Apr-26	8,535	2,866
DEXUS Finance Pty Ltd	5-Nov-25	4,016	4,966
DEXUS Finance Pty Ltd	11-May-27	4,997	4,642
DEXUS Finance Pty Ltd	17-Oct-29	5,746	3,097
National Australia Bank Ltd	10-Feb-23	-	2,310
Westpac Banking Corporation	27-Oct-22	-	1,304
GPT RE Ltd	24-Aug-26	5,920	5,986
Incitec Pivot Ltd	18-Mar-26	10,861	2,224
Mirvac Group Finance Ltd	18-Sep-23	1,279	1,277
Macquarie Bank Ltd	15-Dec-27	7,831	3,456
Origin Energy Finance	11-Nov-27	8,976	5,104
Qantas Airways Ltd	27-Nov-29	8,043	3,615
Qantas Airways Ltd	9-Sep-30	3,060	-
Shopping Ctr Au Property Rt	7-Jun-24	623	129
Stockland Trust Management Ltd	23-Nov-22	-	1,643
Stockland Trust Management Ltd	22-Mar-24	1,214	1,211
Telstra Corporation Ltd	16-Sep-22	-	436
Telstra Corporation Ltd	19-Apr-27	3,403	2,921
Vicinity Centres RE Limited	26-Apr-24	407	406
Vicinity Centres RE Limited	26-Apr-27	3,637	3,791
		90,249	58,651

3. Financial risk management and fair value measurement (continued)

c) Financial instruments not carried at fair value (continued)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The table below presents the Group's financial assets at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2023				
Financial assets				
Corporate bonds	90,249	-	-	90,249
Total financial assets	90,249	-	-	90,249
As at 30 June 2022				
Financial assets				
Corporate bonds	58,651	-	-	58,651
Total financial assets	58,651	-	-	58,651

4. Financial assets at amortised cost

	ASX code of issuer	Maturity date	Coupon rate	As at			
				\$'000	\$'000	30 June 2023	30 June 2022
				Face value	Amortised cost	Face value	Amortised cost
Ampol Limited	ALD	17-Apr-25	4.00%	6,740	6,750	3,000	3,111
APT Pipelines Ltd	AP1	20-Oct-23	3.75%	1,020	1,021	1,020	1,025
Ausnet Services Holdings Pty Ltd	ANV	16-Aug-27	4.40%	3,360	3,618	3,360	3,677
Aurizon Holdings Ltd	AZJ	2-Sep-30	2.90%	500	402	-	-
Coles Group Ltd	COL	6-Nov-29	2.65%	500	430	-	-
Downer EDI Ltd	DOW	29-Apr-26	3.70%	9,110	8,880	3,010	3,090
DEXUS Finance Pty Ltd	DXS	5-Nov-25	4.75%	4,050	4,147	4,900	5,065
DEXUS Finance Pty Ltd	DXS	11-May-27	4.25%	5,220	5,414	4,770	5,123
DEXUS Finance Pty Ltd	DXS	17-Oct-29	2.50%	7,050	6,465	3,820	3,762
GPT Re Ltd	GPT	24-Aug-26	3.66%	6,170	6,208	6,170	6,242
Incitec Pivot Ltd	IPL	18-Mar-26	4.30%	11,150	11,013	2,300	2,462
Mirvac Group Finance Ltd	MGR	18-Sep-23	3.50%	1,270	1,270	1,270	1,272
Macquarie Group Ltd	MQG	15-Dec-27	4.15%	8,460	8,501	3,700	4,062
National Australia Bank Ltd	NAB	10-Feb-23	BBSW +0.8%	-	-	2,300	2,301
Origin Energy Finance	ORG	11-Nov-27	2.65%	9,850	9,258	5,900	5,896
Qantas Airways Ltd	QAN	27-Nov-29	2.95%	9,740	8,555	4,600	4,446
Qantas Airways Ltd	QAN	9-Sep-30	5.25%	3,200	3,063	-	-
Shopping Centres Australasia Property Group	SCP	7-Jun-24	3.90%	630	631	130	136
Stockland Trust Management Ltd	SGP	23-Nov-22	4.50%	-	-	1,630	1,639
Stockland Trust Management Ltd	SGP	22-Mar-24	3.30%	1,220	1,237	1,220	1,260
Telstra Corporation Ltd	TLS	16-Sep-22	4.00%	-	-	430	431
Telstra Corporation Ltd	TLS	19-Apr-27	4.00%	3,500	3,593	3,000	3,174
Vicinity Centres RE Limited	VCX	26-Apr-27	4.00%	3,830	3,870	3,970	4,058
Vicinity Centres RE Limited	VCX	26-Apr-24	3.50%	410	414	410	419
Westpac Banking Corporation	WBC	27-Oct-22	BBSW +0.81%	-	-	1,300	1,301
				96,980	94,740	62,210	63,952

5. Net assets attributable to unit holders - liability

i Capital risk management

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

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

ii Movements

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

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

	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2023	2023	2022	2022
	Units	'000	Units	'000
	\$'000		\$'000	
Number of fully paid units				
Opening balance	622	71,042	1,307	135,505
Units issued during the year	483	44,428	136	20,268
Units matured during the year	(39)	(3,910)	(402)	(40,241)
Units redeemed during the year	(96)	(15,955)	(419)	(42,443)
Increase/(decrease) in net assets attributable to unit holders	-	(153)	-	(2,047)
Closing balance	970	95,452	622	71,042

As at 30 June 2023, the Group did not receive any applications for Exchanged Traded Bonds ("XTBs") (2022: Nil), for which settlement would occur post year end.

5. Net assets attributable to unit holders - liability (continued)

Details of Exchange Traded Bond Units ("XTBs) issued:

XTB ASX code	Beginning balance		For the year ended 30 June 2023				Ending balance
	Accumulated earnings	Issued units	Applications	Redemptions	Distributions	Net income attributable to unit holders	Balance as at 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTMALD	(64)	3,199	4,204	(501)	(228)	196	6,806
YTMAP1	(88)	4,859	-	(3,738)	(38)	34	1,029
YTMAS2	(147)	3,879	-	-	(148)	89	3,673
YTMAZ2	-	-	796	(401)	4	8	407
YTMBQ1	-	-	445	(449)	(5)	9	-
YTMCOL	-	-	425	-	(6)	13	432
YTMDO2	(20)	3,128	5,814	-	(269)	285	8,938
YTMDX1	(381)	5,482	-	(874)	(195)	145	4,177
YTMDX2	(163)	5,314	1,460	(1,104)	(135)	73	5,445
YTMDX3	(10)	3,791	2,646	-	(164)	238	6,501
YTMF15	(5)	2,312	-	(2,300)	(48)	41	-
YTMF16	(12)	1,316	-	(1,300)	(15)	11	-
YTMGP1	(4)	6,325	493	(504)	(225)	203	6,288
YTMIPI	(55)	2,546	8,639	-	(377)	396	11,149
YTMMG2	(82)	4,277	-	(2,911)	(44)	43	1,283
YTMMQ1	(92)	4,161	4,548	-	(294)	194	8,517
YTMORG	(26)	5,944	5,343	(2,062)	(225)	320	9,294
YTMQF4	14	4,445	4,484	(438)	(252)	329	8,582
YTMQF5	-	-	3,130	-	(84)	69	3,115
YTMSCP	(21)	159	501	-	(25)	19	633
YTMSG2	(279)	1,926	-	(1,632)	(16)	1	-
YTMSG3	(44)	1,315	-	-	(40)	17	1,248
YMTL1	(212)	648	-	(429)	(9)	2	-
YMTL2	(110)	3,308	964	(513)	(113)	85	3,621
YTMVC1	(87)	4,174	536	(709)	(116)	100	3,898
YTMVCX	(136)	558	-	-	(15)	9	416
	(2,024)	73,066	44,428	(19,865)	(3,082)	2,929	95,452

5. Net assets attributable to unit holders - liability (continued)

XTB ASX code	Beginning balance		For the year ended 30 June 2022				Ending balance
	Accumulated earnings	Issued units	Applications	Redemptions	Distributions	Net income attributable to unit holders	Balance as at 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTMALD	(23)	2,206	994	-	(80)	38	3,135
YTMAP1	(43)	4,870	3,738	(3,748)	(168)	122	4,771
YTMAST	(502)	5,028	-	(4,423)	(239)	136	-
YTMAS2	(98)	2,765	1,114	-	(126)	77	3,732
YTMDO1	(628)	24,654	-	(23,568)	(790)	332	-
YTMDO2	1	1,599	1,530	-	(74)	52	3,108
YTMDX1	(293)	10,062	-	(4,581)	(729)	642	5,101
YTMDX2	(98)	4,766	548	-	(192)	127	5,151
YTMDX3	-	2,396	1,909	(514)	(71)	61	3,781
YTMF13	(9)	1,048	-	(1,035)	(9)	5	-
YTMF14	(10)	2,064	-	(2,050)	(11)	7	-
YTMF15	(7)	3,615	-	(1,303)	(32)	34	2,307
YTMF16	(11)	1,316	-	-	(11)	10	1,304
YTMGP1	12	6,326	-	-	(226)	209	6,321
YTMIP1	(20)	1,470	1,076	-	(77)	42	2,491
YTMMG2	(23)	6,773	2,911	(5,406)	(260)	200	4,195
YTMMQ1	(30)	2,520	1,641	-	(132)	70	4,069
YTMNA1	(246)	3,468	-	(3,202)	(62)	42	-
YTMORG	(5)	3,037	2,907	-	(117)	96	5,918
YTMQF3	(2,902)	20,449	-	(16,925)	(1,125)	503	-
YTMQF4	13	3,068	1,376	-	(120)	122	4,459
YTMSCP	(18)	158	-	-	(4)	2	138
YTMSG2	(214)	5,469	-	(3,543)	(217)	152	1,647
YTMSG3	(25)	791	524	-	(32)	13	1,271
YTMTC1	(173)	3,712	-	(3,500)	(44)	5	-
YTMTL1	(146)	4,449	-	(3,801)	(189)	123	436
YTMTL2	(74)	3,307	-	-	(121)	86	3,198
YTMVC1	(58)	5,610	-	(1,437)	(297)	269	4,087
YTMVCX	(67)	4,206	-	(3,648)	(193)	124	422
	(5,697)	141,202	20,268	(82,684)	(5,748)	3,701	71,042

Each unit confers on its holder an equal, undivided beneficial interest subject to liabilities of each class of XTB. Upon liquidation each unit holder is entitled to a pro rata share of the Trust's net assets of each class.

6. Cash and cash equivalents

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank	-	6,649
Total cash and cash equivalents	-	6,649

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

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	(153)	(2,046)
Distributions to unit holders	3,082	5,748
Amortisation of premium on corporate bonds	424	1,423
Net change in receivables	<u>(271)</u>	<u>623</u>
Net cash inflow from operating activities	3,082	5,748

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

8. Parent entity information

The accounting policies of the parent entity are consistent with the accounting policies adopted by the consolidated entity.

In accordance with the *Corporations Act 2001*, the following summarised parent entity information is set out below.

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Revenue	2,929	3,702
Expenses	-	-
Operating profit/(loss)	2,929	3,702
Finance costs attributable to unit holders		
Distributions to unit holders	(3,082)	(5,748)
Increase in net asset attributable to unit holders	153	2,046
Profit/(loss) for the year	2,929	3,702
Other comprehensive gain/(loss)	-	-
Total comprehensive income for the year	2,929	3,702

Australian Corporate Bond Trust and its controlled entities
Notes to the financial statements

For the year ended 30 June 2023
(continued)

8. Parent entity information (continued)

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Assets	<u>95,452</u>	71,042
Total assets	<u>95,452</u>	71,042
Liabilities	-	-
Total liabilities	-	-
Net assets attributable to unit holders - liability	<u>95,452</u>	71,042

The accounting policies of the parent entity are consistent with the accounting policies adopted by the consolidated entity.

9. Controlled entities

Subsidiary of Australian Corporate Bond Trust ("ACBT")	Country of establishment	As at	
		30 June 2023	30 June 2022
ACBT ALD 4.00% 17/04/2025 Class Sub-Trust	Australia	100	100
ACBT AP1 3.75% 20/10/2023 Class Sub-Trust	Australia	100	100
ACBT AS2 4.4% 16/08/2027 Class Sub-Trust	Australia	100	100
ACBT AZ2 2.9% 2/09/2030 Class Sub-Trust	Australia	100	-
ACBT COL 2.65% 6/11/2029 Class Sub-Trust	Australia	100	-
ACBT DO2 3.70% 29/04/2026 Class Sub-Trust	Australia	100	100
ACBT DX1 4.75% 05/11/2025 Class Sub-Trust	Australia	100	100
ACBT DX2 4.25% 11/05/2027 Class Sub-Trust	Australia	100	100
ACBT DX3 2.5% 17/05/2029 Class Sub-Trust	Australia	100	100
ACBT GP1 3.657% 24/08/2026 Class Sub-Trust	Australia	100	100
ACBT F15 BBSW +0.80% 10/02/2023 Class Sub-Trust	Australia	-	100
ACBT F16 BBSW +0.81% 27/10/2022 Class Sub-Trust	Australia	-	100
ACBT IP1 4.3% 18/03/2026 Class Sub-Trust	Australia	100	100
ACBT MG2 3.50% 18/09/2023 Class Sub-Trust	Australia	100	100
ACBT MQ1 4.15% 15/12/2027 Class Sub-Trust	Australia	100	100
ACBT NA1 4% 16/12/2021 Class Sub-Trust	Australia	-	100
ACBT ORG 2.65% 11/11/2027 Class Sub-Trust	Australia	100	100
ACBT QF4 2.95% 27/11/2029 Class Sub-Trust	Australia	100	100
ACBT QF5 5.25% 9/09/2030 Class Sub-Trust	Australia	100	-
ACBT SCP 3.90% 07/06/2024 Class Sub-Trust	Australia	100	100
ACBT SG2 4.50% 23/11/2022 Class Sub-Trust	Australia	-	100
ACBT SG3 3.3% 22/03/2024 Class Sub-Trust	Australia	100	100
ACBT TL1 4.00% 16/09/2022 Class Sub-Trust	Australia	-	100
ACBT TL2 4.00% 19/04/2027 Class Sub-Trust	Australia	100	100
ACBT VCX 3.50% 26/04/2024 Class Sub-Trust	Australia	100	100
ACBT VC1 4.00% 26/04/2027 Class Sub-Trust	Australia	100	100

The Group is restricted to transfer any assets within the Group including the distributions of taxable profits.

10. Remuneration of auditors

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

	Year ended	
	30 June	30 June
	2023	2022
	\$	\$
Pitcher Partners		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	<u>41,000</u>	31,545
Total remuneration of Pitcher Partners	<u>41,000</u>	31,545
PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of the compliance plan	<u>2,346</u>	2,346
Total remuneration of PricewaterhouseCoopers	<u>2,346</u>	2,346

The auditors' remuneration is paid for by the Securities Manager. Fees are stated exclusive of GST.

11. Related party transactions

a. Responsible Entity

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

The Responsible Entity has contracted services to Australian Corporate Bond Company Limited to act as Securities Manager for the Trust and Certane CT Pty Limited to act as Custodian for the Trust. The contracts are on normal commercial terms and conditions.

b. Trustee of the Sub-Trusts/Controlled Entities

The Trustee of the Sub-Trusts is EQT Responsible Entity Services Limited (a related entity to the Responsible Entity), which provides trustee services to the Sub-Trusts in accordance with the respective Sub-Trusts' Constitution.

c. Securities Manager

The Securities Manager of the Group is Australian Corporate Bond Company Proprietary Limited (ACBC), which provides advice to the Responsible Entity on the selection of the Underlying Bonds that may constitute a new Class of XTB, and provides financial intermediaries with information about the benefits, features, risks and rewards of the different Classes of XTBs.

d. Key management personnel

i. Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report.

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

ii. Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

iii. Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Group, directly or indirectly during the financial year.

e. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

f. Key management personnel unit holdings

Key management personnel did not hold units in the Group as at 30 June 2023 (30 June 2022: nil).

11. Related party transactions (continued)

g. Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd, a subsidiary of EQT Holdings Limited. Payments made from the Group to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

h. Key management personnel loans

The Group has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

i. Other transactions within the Group

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Group during the financial year and there were no material contracts involving management personnel's interests existing at year end.

j. Responsible Entity fees, Securities Manager fees and other transactions

Under the terms of the Group's Constitution and Product Disclosure Statement of the Group's controlled entities, the Responsible Entity and the Securities Manager are entitled to receive fees.

No fees were paid to the Securities Manager during the financial year (2022: nil).

Equity Trustees Limited earned \$88,046 (2022: \$94,260) excl. GST for Responsible Entity services to the Group and its controlled entities. The Responsible Entity fees are paid by the Securities Manager.

The Securities Manager pays the fees to the respective service providers from the Securities Managers margin. The fees paid from this margin include Responsible Entity fees, custodian and administrator fees and other expenses.

k. Related party unit holdings

Parties related to the Group (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Securities Manager) hold units in the fund at 30 June 2023 (30 June 2022: nil) as follows:

Unit holder	Number of units held opening	Number of units held closing	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Equity Trustees Superannuation Limited <AMG Super> and <Acclaim Super>	-	1,510	0.18	1,510	-	2,134

I. Investments

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

12. Events occurring after the reporting period

On 31 August 2023, Equity Trustees Limited as the Responsible Entity and issuer of the Australian Corporate Bond Trust and its controlled entities (ARSN 603 010 779) advised that the Securities Manager for the XTB series, Australian Corporate Bond Company (ABN 34 169 442 657), has appointed an external administrator. EQT has requested a suspension of the XTB series until such a time that either a new Securities Manager is appointed, or an application is made to revoke from trading status.

No other significant events have occurred since the end of the year which would impact on the financial position of the Group as disclosed in the statement of financial position as at 30 June 2023 or on the results and cash flows of the Group for the year ended on that date.

13. Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 25 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date.
- b. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- c. Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
27 September 2023

Pitcher Partners Sydney Partnership

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Independent Auditor's Report

To the Unitholders of Australian Corporate Bond Trust and its controlled entities
ARSN 603 010 779

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Corporate Bond Trust ("the Trust") and its Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the Directors' declaration.

In our opinion:

- a. the financial report of the Consolidated Entity has been prepared in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

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 Responsibility section of our report. We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Independent Auditor's Report**To the Unitholders of Australian Corporate Bond Trust and its controlled entities****ARSN 603 010 779***Other information*

The Directors of Equity Trustees Ltd, the Responsible Entity, are responsible for the other information. The other information comprises the information in the Consolidated Entity's annual report for the year ended 30 June 2023 but does not include the financial report and the 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 consistent 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.

Directors of the Responsible Entity's Responsibility for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. In Note 2(a), the Directors of the Responsible Entity also state, in accordance with applicable Australian Accounting Standards and Interpretations that the financial statements comply with International Financial Reporting Standards. The Directors of the Responsible Entity's responsibility also include such internal control as they determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Responsible Entity are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity either intends to liquidate the Consolidated Entity or to cease operations, or has 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 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 the 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 Consolidated Entity's internal control.

Independent Auditor's Report**To the Unitholders of Australian Corporate Bond Trust and its controlled entities****ARSN 603 010 779**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.
- Conclude on the appropriateness of the Directors of the Responsible Entity'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 the Consolidated Entity'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 Consolidated Entity to cease to continue as a going concern.
- 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 of the Responsible Entity 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.

**S M Whiddett**

Partner

27 September 2023

**Pitcher Partners**

Sydney