

**COOLABAH FLOATING-RATE HIGH YIELD FUND (MANAGED FUND)  
(FORMERLY KNOWN AS COOLABAH ACSRF PORTFOLIO 2 –  
HYBRIDS IN FI ALTERNATIVES)**

ARSN 664 098 382

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

# **COOLABAH FLOATING-RATE HIGH YIELD FUND (MANAGED FUND) (FORMERLY KNOWN AS COOLABAH ACSRF PORTFOLIO 2 – HYBRIDS IN FI ALTERNATIVES)**

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## **ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023**

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This annual report covers Coolabah Floating-Rate High Yield Fund (Managed Fund) (formerly known as Coolabah ACSRF Portfolio 2 - Hybrids in FI Alternatives) as an individual entity.

The Responsible Entity of Coolabah Floating-Rate High Yield Fund (Managed Fund) (formerly known as Coolabah ACSRF Portfolio 2 – Hybrids) 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 Coolabah Floating-Rate High Yield Fund (Managed Fund) (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2023.

### **Principal activities**

The Fund was constituted on 25 May 2020, registered with the Australian Securities and Investments Commission ("ASIC") on 30 November 2022 and commenced operations on 10 June 2020.

The Fund invests in a portfolio of investment-grade Australian floating-rate notes and enhancing the yields (or interest-rate) through the use of gearing (or leverage) in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	Equity Trustees Limited*
Investment Manager	Coolabah Capital Investments (Retail) Pty Limited
Custodian and Administrator	Apex Fund Services Pty Ltd (an Apex Group Company)**
Statutory Auditor	Ernst & Young

\*On 25 November 2022, Equity Trustees Limited was appointed as the Fund's Trustee following the retirement of Coolabah Capital Institutional Investments Pty Ltd as Trustee of the Fund. Equity Trustees Limited became Responsible Entity of the Fund on 30 November 2022 following ASIC registration.

\*\*Effective on 21 October 2022, Mainstream Fund Services Pty Ltd changed its name to Apex Fund Services Pty Ltd.

### **Directors**

The following persons held office as directors of Coolabah Capital Institutional Investments Pty Ltd from 25 May 2020 to 24 November 2022:

Melda Donnelly	Chairman
Robert Henricks	
Darren Harvey	
Christopher Joye	

The following persons held office as directors of Equity Trustees Limited from 25 November 2022 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 and results of operations**

During the year, the Fund invested its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance of the Coolabah Floating-Rate High Yield Fund (Managed Fund) Institutional Class was 6.78% (net of fees) for the year ended 30 June 2023. The Fund's benchmark, the Bloomberg AusBond Credit FRN 0+ Yr Index (BAFRN0) returned 2.64% for the same period.

The Fund's performance of the Coolabah Floating-Rate High Yield Fund (Managed Fund) Assisted Investor Class was 6.65% (net of fees) for the year ended 30 June 2023. The Fund's benchmark, the Bloomberg AusBond Credit FRN 0+ Yr Index (BAFRN0) returned 2.64% for the same period.

The inception of the Coolabah Floating-Rate High Yield Fund (Managed Fund) Institutional Class and Assisted Investor Class was 5 December 2022. Net returns are calculated from the historic gross returns using the current fee structure as displayed in the Product Disclosure Statement.

## DIRECTORS' REPORT (CONTINUED)

### Review and results of operations (continued)

The Fund's performance is calculated based on the percentage change in the Fund's redemption price over the period (with any distributions paid during the period reinvested). Returns are disclosed after fees and expenses.

The performance of the Fund, 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)	3,710	(159)
<b>Institutional Class</b>		
Distributions paid and payable (\$'000)	1,534	-
Distributions cents per unit (CPU)	115.0000	-
<b>Assisted Investor Class</b>		
Distributions paid and payable (\$'000)	2,006	-*
Distributions cents per unit (CPU)	115.0000	0.0113

\* During the year ended 30 June 2022, a total distribution of \$5.77 was declared for Assisted Investor Class unit holders.

### Significant changes in the state of affairs

On 25 November 2022, Equity Trustees Limited was appointed as the Fund's Trustee followed by the retirement of Coolabah Capital Institutional Investments Pty Ltd as Trustee of the Fund. Equity Trustees Limited became Responsible Entity of the Fund on 30 November 2022 following ASIC registration. The Fund was renamed as the Coolabah Floating-Rate High Yield Fund (Managed Fund) on the same date.

On 30 November 2022, the Fund was registered with the Australian Securities and Investments Commission (ASIC).

On 9 December 2022, the Fund issued a Product Disclosure Statement (PDS) for Assisted Investor Class and Institutional Class and units were issued to retail investors.

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 Fund that occurred during the financial year.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may have a significant effect on:

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

### Likely developments and expected results of operations

The Fund 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 Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund 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.

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund 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 Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### Indemnification of auditor

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

## DIRECTORS' REPORT (CONTINUED)

### Fees paid to and interests held in the Fund by the Responsible Entity and its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 16 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 to the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 9 to the financial statements.

The value of the Fund'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.

### Environmental regulation

The operations of the Fund 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.

### 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.



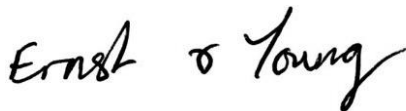
Philip D Gentry  
Chairman

Melbourne  
18 December 2023

**Auditor's independence declaration to the directors of Equity Trustees Limited as Responsible Entity for Coolabah Floating-Rate High Yield Fund (Managed Fund) (formerly known as Coolabah ACSRF Portfolio 2 - Hybrids in FI Alternatives)**

As lead auditor for the audit of the financial report of Coolabah Floating-Rate High Yield Fund (Managed Fund) (formerly known as Coolabah ACSRF Portfolio 2 - Hybrids in FI Alternatives) for the financial years ended 30 June 2022 and 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Jonathan Hall  
Partner  
18 December 2023

## STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
<b>Investment income</b>			
Interest income from financial asset at fair value through profit or loss		4,858	14,030
Interest income from financial asset at amortised cost		45	10
Net gains/(losses) on financial instruments at fair value through profit or loss		(297)	(12,842)
Net gain/(loss) on foreign exchange		-	(44)
<b>Total investment income/(loss)</b>		<b>4,606</b>	<b>1,154</b>
<b>Expenses</b>			
Interest expense from financial liabilities at fair value through profit or loss		594	918
Management fees and costs*	16	300	-
Transaction costs		2	172
Custody and administration fees**		-	219
Other expenses		-	4
<b>Total expenses</b>		<b>896</b>	<b>1,313</b>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<b>3,710</b>	<b>(159)</b>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders		(3,540)	-
(Increase)/decrease in net assets attributable to unit holders		(170)	-
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>(159)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(159)</b>

\* The fees were borne by Investment Manager in the financial year ended 30 June 2022.

\*\* For the period 10 June 2020 to 3 June 2022, Custody and Administration fees pertain to fees prior to the registration of the Fund with ASIC and were paid directly by the Fund. From 30 November 2022, these fees are included as part of management fees and costs.

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

**STATEMENT OF FINANCIAL POSITION**

	Note	As at	
		30 June 2023 \$'000	30 June 2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	6,963	215
Margin accounts		510	1
Receivables	13	2,771	3
Financial assets at fair value through profit or loss	6	456,881	1,835
<b>Total assets</b>		<b>467,125</b>	<b>2,054</b>
<b>Liabilities</b>			
Distributions payable	10	2,616	-
Payables	14	87	-
Due to brokers - payable for securities purchased		32,399	-
Financial liabilities at fair value through profit or loss	7	297,528	2,005
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>332,630</b>	<b>2,005</b>
<b>Net assets attributable to unit holders – equity</b>	9	-	49
<b>Net assets attributable to unit holders – liability</b>	9	<b>134,495</b>	-

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



## STATEMENT OF CHANGES IN EQUITY

	Note	Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
<b>Total equity at the beginning of the financial year</b>		49	221,130
<b>Comprehensive income for the financial year</b>			
Profit/(loss) for the year		-	(159)
Other comprehensive income		-	-
<b>Total comprehensive income</b>		-	(159)
<b>Transactions with unit holders</b>			
Applications	9	-	93,860
Redemptions	9	(49)	(338,038)
Reinvestment of distributions	9	-	23,256
<b>Total transactions with unit holders</b>		(49)	(220,922)
Reclassification due to issuance of new share class effective 5 December 2022*		-	-
<b>Total equity at the end of the financial year*</b>		-	49

\*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.

During the year management reviewed the classification of net assets attributable to unit holders and concluded that units in the Fund no longer met the classification of equity for the year ended 30 June 2023. As such, units in the fund have been reclassified as a financial liability. Refer to Note 1 and Note 9 for further detail.

As a result, the Fund's distributions to unit holders and (increase)/decrease in net assets attributable to unit holders have been classified as finance costs in the statement of comprehensive income.

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

## STATEMENT OF CASH FLOWS

	Note	Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		302,065	1,096,899
Payments for purchase of financial instruments at fair value through profit or loss		(429,486)	(896,079)
Interest income received from financial assets at fair value through profit or loss		2,099	15,568
Interest income received from financial assets at amortised cost		45	10
Movement in margin accounts		(509)	(1)
Dividend and distribution income received		-	112
Interest expense paid on financial liability at fair value through profit or loss		(594)	(940)
Management fees and costs paid		(213)	-
Custody and administration fees paid		-	(219)
Transaction costs paid		(2)	(172)
Other expenses paid		(9)	(5)
<b>Net cash inflow/(outflow) from operating activities</b>	12(a)	<b>(126,604)</b>	<b>215,173</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		157,945	93,860
Payments for redemptions by unit holders		(24,199)	(338,038)
Distributions paid to unit holders		(394)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>133,352</b>	<b>(244,178)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,748</b>	<b>(29,005)</b>
Cash and cash equivalents at the beginning of the year		215	29,264
Effect of foreign currency exchange rate changes on cash and cash equivalents		-	(44)
<b>Cash and cash equivalents at the end of the year</b>	11	<b>6,963</b>	<b>215</b>
Non-cash operating and financing activities	12(b)	530	23,256

*The above 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 financial statements cover Coolabah Floating-Rate High Yield Fund (Managed Fund) (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 25 May 2020, registered with the Australian Securities and Investments Commission on 30 November 2022 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

On 25 November 2022, Equity Trustees Limited was appointed as the Fund's Trustee following the retirement of Coolabah Capital Institutional Investments Pty Ltd as Trustee of the Fund. Equity Trustees Limited became Responsible Entity of the Fund on 30 November 2022 following ASIC registration.

The Responsible Entity of the Fund 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.

On 9 December 2022, the Responsible Entity has issued a new Product Disclosure Statement for Assisted Investor Class and Institutional Class units. Consequently, the units in the Fund have been reclassified from equity to financial liability on the first issue of Assisted Investor Class and Institutional Class units on 5 December 2022, refer to Note 9 for further information.

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 Fund 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, 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 Fund 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 unit holders' 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 Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

### **ii. New and amended standards adopted by the Fund**

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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **a. Basis of preparation (continued)**

#### **iii. New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

### **b. Financial instruments**

#### **i. Classification**

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business objective. Consequently, the debt securities are measured at fair value through profit or loss.

For cash and cash equivalents, receivables and margin accounts, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable and management fees and costs payable).

#### **ii. Recognition and derecognition**

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **b. Financial instruments (continued)**

#### **iii. Measurement**

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables and margin accounts are carried at amortised cost.

#### **iv. Repurchase and reverse repurchase agreements**

Securities purchased under resale agreements ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are treated as collateralized financings and are recognized initially at fair value, being the amount of cash disbursed and received, respectively. The counterparty disbursing the cash takes possession of the securities serving as collateral for the financing and having a market value equal to, or in excess of the principal amount loaned. The securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not recognized on, or derecognized from, the statement of financial position, unless the risks and rewards of ownership are obtained or relinquished.

The Fund has chosen to apply the fair value option to certain repurchase portfolios that are managed on a fair value basis. The Fund's business model for reverse repurchase portfolios is neither held to collect, or held to collect and sell, and these are measured on a fair value basis. Fair value movements on reverse repurchase agreements and repurchase agreements is reported as within net gains/(losses) on financial instruments at fair value through profit or loss in the statement of comprehensive income.

A reverse repurchase agreement involves the risk that the market value of the security sold by a Fund may decline below the repurchase price of the security. The Fund segregates assets determined to be liquid or otherwise covers its obligations under reverse repurchase agreements.

#### **v. Impairment**

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from brokers, margin accounts and 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 Fund 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 Fund 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 uncollectible 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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **b. Financial instruments (continued)**

#### **vi. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

#### **c. Net assets attributable to unit holders**

Units are redeemable at the unit holders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The units are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

The units can be put back to the Fund at any time for cash based on the redemption price which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

The Fund's units were classified as equity at 30 June 2022. Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund's own equity;
- the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity over the life of the instrument (excluding any effects of the instrument).

The Fund's units were reclassified to liability from 5 December 2022.

#### **d. 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 at call with financial institutions and 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.

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 represents the Fund's main income generating activity.

#### **e. Margin accounts**

Margin accounts comprise cash held as collateral for derivative transactions such as forward currency contracts. The margin account is intended to offset unrealised market value of derivative positions and neutralise counterparty credit risk. Hence if there is any significant increase in the market value of the derivative position, the Fund will receive collateral from the respective counterparty and this will be recorded as a margin liability of the Fund and vice versa. If cash has been paid to a counterparty, the cash is held by the counterparty and is only available to offset derivative position liabilities. It is not included as a component of cash and cash equivalents and is presented separately in the statement of financial position.

#### **f. Investment income**

##### **i. 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. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through profit or loss.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **f. Investment income (continued)**

#### **i. Interest income (continued)**

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 or liability. When calculating the effective interest rate, the Fund 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.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### **g. Expenses**

All expenses are recognised in the statement of comprehensive income on an accruals basis.

Interest expense from financial liability at amortised cost is recognised using the effective interest method and includes interest expenses from the credit facility.

As per the Fund's Product Disclosure Statement (PDS) upon registration in 30 November 2022, ordinary expenses such as investment management fees, Responsible Entity fees, custodian fees, administration and audit fees, and other ordinary expenses of operating the Fund are covered by the management fees and costs.

#### **h. Income tax**

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to unit holders on a present entitlement basis.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

#### **i. Distributions**

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment.

From 5 December 2022, the distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders. Prior to this date, they were classified as distributions paid and payable in the statement of changes in equity.

#### **j. Increase/decrease in net assets attributable to unit holders**

On 30 June 2023, the Fund's units are classified as liabilities. Income not distributed is included in net assets attributable to unit holders. As the Fund'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.

On 30 June 2022, the Fund's units are classified as equity, movements in net assets attributable to unit holders are recognised in the statement of changes in equity.

#### **k. Foreign currency translation**

##### **i. Functional and presentation currency**

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **k. Foreign currency translation (continued)**

#### **ii. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

#### **l. Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

#### **m. Receivables**

Receivables may include amounts for interest. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

#### **n. Payables**

Payables include liabilities, accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

#### **o. Applications and redemptions**

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

#### **p. Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

#### **q. Use of estimates and judgements**

The Fund 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 Fund'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 Investment 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 Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model, has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### q. Use of estimates and judgements (continued)

For more information on how fair value is calculated refer to Note 5 to the financial statements.

### r. Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

## 3. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions. The maximum loss of capital on forward currency contracts is limited to the notional contract values of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Coolabah Capital Investments (Retail) Pty Ltd under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

### a. Market risk

#### i. Price risk

The Fund is exposed to price risk on debt securities and derivatives. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Price risk is managed by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including the historical correlation of the Fund's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/- 10% (2022: +/- 10%).

#### ii. Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk is managed by entering into forward currency contracts that hedge any movement in exchange rates with respect to the Australian dollar.

The Fund has no material exposure to assets dominated in foreign currency as at 30 June 2023.

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a. Market risk (continued)

##### ii. Foreign exchange risk (continued)

The table below summarises the fair value of the Fund's financial assets and financial liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

	USD A\$'000	EUR A\$'000
As at 30 June 2022		
Cash and cash equivalents	27	-
Net exposure	27	-
Notional exposure from forward currency contracts:		
Buy foreign currency	36,649	12,724
Sell foreign currency	36,676	12,724

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2022: +/-10%) against the material foreign currencies to which the Fund is exposed.

##### iii. Interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial instruments assets expose it to risks associated with the effects of fluctuation in the prevailing market interest rate on its financial positions and cash flows. The risk is measured using sensitivity analysis.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk. The Fund's main interest rate risk arises from its investments in floating rate government and corporate bonds.

The Fund's main interest rate risk arises from its investments in floating rate corporate notes.

Interest rate risk is managed by using derivatives such as interest rate futures and bond futures to reduce interest rate risks incurred by investment in floating interest rate notes.

The table below summarises the Fund's exposure to interest rate risk at the end of the reporting period.

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>As at 30 June 2023</b>				
<b>Assets</b>				
Cash and cash equivalents	4,453	-	2,510	6,963
Margin accounts	510	-	-	510
Receivables	-	-	2,771	2,771
Financial assets at fair value through profit or loss	456,881	-	-	456,881
<b>Total assets</b>	<b>461,844</b>	<b>-</b>	<b>5,281</b>	<b>467,125</b>
<b>Liabilities</b>				
Distributions payable	-	-	2,616	2,616
Payables	-	-	87	87
Due to brokers - payable for securities purchased	-	-	32,399	32,399
Financial liabilities at fair value through profit or loss	-	297,528	-	297,528
<b>Total liabilities</b>	<b>-</b>	<b>297,528</b>	<b>35,102</b>	<b>332,630</b>
<b>Net exposure</b>	<b>461,844</b>	<b>(297,528)</b>	<b>(29,821)</b>	<b>134,495</b>

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a. Market risk (continued)

##### iii. Interest rate risk (continued)

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2022				
Assets				
Cash and cash equivalents	215	-	-	215
Margin accounts	1	-	-	1
Receivables	-	-	3	3
Financial assets at fair value through profit or loss	-	-	1,835	1,835
<b>Total assets</b>	<b>216</b>	<b>-</b>	<b>1,838</b>	<b>2,054</b>
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	2,005	2,005
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,005</b>	<b>2,005</b>
<b>Net exposure</b>	<b>216</b>	<b>-</b>	<b>(167)</b>	<b>49</b>

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that the interest rates changed by +/- 200 basis points (2022: +/- 200 basis points) from the year end rates with all other variables held constant.

#### b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unit holders					
	Price risk		Foreign exchange currency risk		Interest rate risk	
	+10% \$'000	-10% \$'000	+10% \$'000	-10% \$'000	+200bps \$'000	-200bps \$'000
<b>As at 30 June 2023</b>	<b>15,935</b>	<b>(15,935)</b>	<b>-</b>	<b>-</b>	<b>9,237</b>	<b>(9,237)</b>
As at 30 June 2022	(17)	17	3	(3)	4	(4)

#### c. Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due to from brokers and other receivables.

The Fund determines credit risk and measures expected credit losses for the financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2023 and 30 June 2022, all receivables, cash and short-term deposits are held with counterparties with a credit rating of A+ or higher and are callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

##### i. Debt securities

The Fund invests in debt securities which have an investment grade categorisation as rated by various credit agencies. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies. All debt securities must have a minimum investment grade as outlined in the Fund's Product Disclosure Statement.

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### c. Credit risk (continued)

##### i. Debt securities (continued)

An analysis of debt by rating is set out in the table below:

	30 June 2023 \$'000	As at 30 June 2022 \$'000
<b>Floating rate notes</b>		
<b>Rating</b>		
AAA to AA-	143,685	-
A+ to A	15,461	-
A- to BBB+	263,681	-
BBB to BBB-	34,054	-
<b>Total</b>	<b>456,881</b>	<b>-</b>

##### ii. Derivative financial instruments

The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. Credit risk associated with favourable contracts is reduced by master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangements.

Refer to Note 4 to the financial statements for further analysis of the Fund's master netting arrangements.

##### iii. Settlement of securities transactions

All transactions in over the counter securities are settled/paid for on T+2 with approved counterparties. The risk of default is considered low, as delivery of securities sold is only made once the custodian has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

##### iv. Cash and cash equivalents and margin accounts

The exposure to credit risk for cash and cash equivalents and margin account are low as all counterparties have a rating of A+ (2022: A+) (as determined by Standard & Poor's) or higher.

The counterparties rating as at 30 June 2023, was JP Morgan Chase Bank N.A with a credit rating of A+, Hongkong and Shanghai Banking Corporation Limited with a rating of AA- and Australia and New Zealand Banking Group Limited with a rating of AA-. The counterparties rating as at 30 June 2022, were JP Morgan Chase Bank N.A with a credit rating of A+.

##### v. Repurchase and reverse repurchase agreements

The Fund may engage in repurchase and reverse repurchase transactions. Under the terms of a reverse repurchase agreement, the Fund takes possession of an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Fund to resell the obligation at an agreed upon price and time. The underlying securities for all reverse repurchase agreements are held in safekeeping at the Fund's custodian. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Securities purchased under reverse repurchase agreements are reflected as an asset in the statement of financial position. If the counterparty should default, the Fund will seek to sell the securities which it holds as collateral to reduce its losses. This could involve procedural costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. The counterparties to the outstanding repurchase/reverse repurchase agreements as at 30 June 2023 were Australia and New Zealand Banking Group Limited with rating of AA-, The Hongkong and Shanghai Banking Corporation Limited with a rating of AA-, Commonwealth Bank of Australia with a credit rating AA-, National Australia Bank with a rating of AA-, JP Morgan Chase Bank N.A with a credit rating of A+ and Royal Bank of Canada with a rating of AA- respectively.

##### vi. Other

The Fund is not materially exposed to credit risk on other financial assets.

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### c. Credit risk (continued)

##### vii. Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

#### d. Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash, as the majority are issued by Australian state governments or highly rated companies listed on the Australian Securities Exchange (ASX) or foreign equivalent. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2023 and 2022.

##### i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current year and prior period have maturities of less than 1 month.

##### ii. Maturities of net settled derivative financial instruments

The Fund did not hold any derivatives as at 30 June 2023.

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2022					
Net settled derivatives					
Forward currency contracts	(170)	-	-	-	(170)
Total net settled derivatives	(170)	-	-	-	(170)

### 4. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

The Fund did not hold any derivatives as at 30 June 2023.

#### 4. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the tables below.

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statement of financial position	Net amount of financial instruments presented in the statement of financial position	Amount subject to master netting arrangements	Collateral received / pledged	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2022						
Financial assets						
Forward currency contracts	1,835	-	1,835	-	-	-
Total	1,835	-	1,835	-	-	-
Financial liabilities						
Forward currency contracts	2,005	-	2,005	-	-	-
Total	2,005	-	2,005	-	-	-

##### a. Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position but have been presented separately in the above table.

#### 5. FAIR VALUE MEASUREMENT

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 6 and Note 7)
- Derivative financial instruments (see Note 8)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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 Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements.

##### a. Fair value in an inactive or unquoted market (level 2)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Fund invests in debt securities, corporate and government bonds and treasury securities. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as level 2.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract (other than a forward currency contract) is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Repurchase and reverse repurchase agreements are valued at the original cash consideration plus accrued repurchase interest.

## 5. FAIR VALUE MEASUREMENT (CONTINUED)

### a. Fair value in an inactive or unquoted market (level 2) (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

### b. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2023 and 30 June 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2023</b>				
<b>Financial assets</b>				
Floating rate corporate notes	-	456,881	-	456,881
<b>Total financial assets</b>	-	456,881	-	456,881
<b>Financial liabilities</b>				
Repurchase agreements	-	297,528	-	297,528
<b>Total financial liabilities</b>	-	297,528	-	297,528
<b>As at 30 June 2022</b>				
<b>Financial assets</b>				
Forward currency contracts	-	1,835	-	1,835
<b>Total financial assets</b>	-	1,835	-	1,835
<b>Financial liabilities</b>				
Forward currency contracts	-	2,005	-	2,005
<b>Total financial liabilities</b>	-	2,005	-	2,005

### c. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

### d. Financial instruments not carried at fair value

The carrying values of cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

The financial instruments not measured at fair value through profit or loss include:

- i. Cash and cash equivalents, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties; and
- ii. Net assets attributable to unit holders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current year or prior year.

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Floating rate notes	456,881	-
Forward currency contracts	-	1,835
<b>Total financial assets at fair value through profit or loss</b>	<b>456,881</b>	<b>1,835</b>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.



## 7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Forward currency contracts	-	2,005
Repurchase agreements	297,528	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>297,528</b>	<b>2,005</b>

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

## 8. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business the Fund may trade interest rate futures which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include instruments such as futures. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are generally only used for trading purposes, they may also be used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward commitment transactions. Leverage may be incurred when it is believed that is advantageous to increase the investment capacity of a Fund or to facilitate the clearance of transactions. Leverage creates opportunity for greater total returns for a Fund, but it also may magnify losses. The use of derivatives may also create leverage risk.

To mitigate leverage risk, the Fund monitors the overall exposures that leverage grants it, along with the potentially increased risks, and ensures that risks remain within internally set parameters.

The Fund did not hold any derivatives as at 30 June 2023.

The Fund holds the following derivatives as at 30 June 2022:

### a. Forward currency contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

The Fund's derivative financial instruments measured at fair value at year end are detailed below:

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
As at 30 June 2022			
Forward currency contracts	(170)	1,835	2,005
<b>Total derivatives</b>	<b>(170)</b>	<b>1,835</b>	<b>2,005</b>

Information about the Fund's exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 4 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

## 9. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - LIABILITY

On 9 December 2022, the Responsible Entity has issued a new Product Disclosure Statement for Assisted Investor Class and Institutional Class units. Consequently, the units in the Fund have been reclassified from equity to financial liability on the first issue of Assisted Investor Class and Institutional Class units on 5 December 2022.

As at 30 June 2023, the Fund's units are classified as a liability as they do not meet the definition of a financial liability to be classified as equity.

As a result, the Fund's distributions to unit holders and (increase)/decrease in net assets attributable to unit holders have been classified as finance costs in the statement of comprehensive income.

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 2023 Units '000	30 June 2023 '000	30 June 2022 Units '000	30 June 2022 '000
<b>Institutional Class</b>				
Opening balance	-	-	-	-
Applications	2,376	73,691	-	-
Redemptions	(66)	(2,021)	-	-
Reinvestment of distributions	3	97	-	-
Increase/(decrease) in net assets attributable to unit holders	-	(373)	-	-
<b>Closing balance</b>	<b>2,313</b>	<b>71,394</b>	-	-
<b>Assisted Investor Class</b>				
Opening balance	51	49	221,340	221,130
Applications	2,744	84,254	93,487	93,860
Redemptions	(762)	(22,178)	(338,055)	(338,038)
Reinvestment of distributions	14	433	23,279	23,256
Increase/(decrease) in net assets attributable to unit holders	-	543	-	-
Profit/(loss) for the year	-	-	-	(159)
<b>Closing balance</b>	<b>2,047</b>	<b>63,101</b>	51	49
<b>Closing balance</b>		<b>134,495</b>		49

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are two separate classes of units (2022: one class). Institutional and Assisted Investor classes were issued on 5 December 2022. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

### Capital risk management

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

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

## 10. DISTRIBUTIONS TO UNIT HOLDERS

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
<b>Distributions- Institutional Class</b>				
March	146	55.0000	-	-
June (payable)	1,388	60.0000	-	-
<b>Total distributions</b>	<b>1,534</b>	<b>115.0000</b>	-	-
<b>Distributions- Assisted Investor Class</b>				
March	778	55.0000	-	-
June (payable)	1,228	60.0000	-*	0.0113
<b>Total distributions</b>	<b>2,006</b>	<b>115.0000</b>	-	0.0113

\* As at 30 June 2022, a total distribution of \$5.77 was declared for Assisted Investor Class unit holders.

## 11. CASH AND CASH EQUIVALENTS

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank	6,963	215
<b>Total cash and cash equivalents</b>	<b>6,963</b>	<b>215</b>

## 12. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

### a. 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	-	(159)
Increase/(decrease) in net assets attributable to unit holders	170	-
Distributions to unit holders	3,540	-
Proceeds from sale of financial instruments at fair value through profit or loss	302,065	1,096,899
Payments for purchase of financial instruments at fair value through profit or loss	(429,486)	(896,079)
Net (gains)/losses on financial instruments at fair value through profit or loss	297	12,842
Effect of foreign currency exchange rate changes on cash and cash equivalents	-	44
Net change in receivables	(2,768)	1,649
Net change in payables	87	(22)
Movement in margin accounts	(509)	(1)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(126,604)</b>	<b>215,173</b>

### b. Non-cash operating and financing activities

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan

	530	23,256
<b>Total non-cash operating and financing activities</b>	<b>530</b>	<b>23,256</b>

As described in Note 2(j), 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.

## 13. RECEIVABLES

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Interest receivable	2,760	1
GST receivable	11	2
<b>Total receivables</b>	<b>2,771</b>	<b>3</b>

#### 14. PAYABLES

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Management fees and costs payable	87	-
<b>Total payables</b>	<b>87</b>	<b>-</b>

#### 15. REMUNERATION OF AUDITORS

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

	Year ended	
	30 June 2023 \$	30 June 2022 \$
<b>Ernst &amp; Young</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	26,900	-
<b>Total auditor remuneration and other assurance services</b>	<b>26,900</b>	<b>-</b>
<i>Taxation services</i>		
Tax compliance services	7,104	-
<b>Total remuneration for taxation services</b>	<b>7,104</b>	<b>-</b>
<b>Total remuneration of Ernst &amp; Young</b>	<b>34,004</b>	<b>-</b>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,346	-
<b>Total auditor remuneration and other assurance services</b>	<b>2,346</b>	<b>-</b>
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>2,346</b>	<b>-</b>

For the year ended 30 June 2022, the Fund was not audited hence nil. For the year ended 30 June 2023, the auditors' remuneration is borne by the Fund as part of management fees and costs. Fees are stated exclusive of GST.

#### 16. RELATED PARTY TRANSACTIONS

The Responsible Entity of Coolabah Floating-Rate High Yield Fund (Managed Fund) is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Equity Trustees Limited acted as Trustee for the Fund from 25 November 2022 to 30 November 2022. Equity Trustees Limited became Responsible Entity of the Fund on 30 November 2022 following its registration with ASIC. Accordingly, transactions with entities related to Equity Trustees Limited and the former Trustee, Coolabah Capital Institutional Investments Pty Ltd are disclosed below.

The Responsible Entity has contracted services to Coolabah Capital Investments (Retail) Pty Ltd to act as Investment Manager for the Fund and Apex Fund Services Pty Ltd to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

##### a. Key management personnel

##### i. Directors

The following persons held office as directors of Coolabah Capital Institutional Investments Pty Ltd from 25 May 2020 to 24 November 2022:

Melda Donnelly	Chairman
Robert Henricks	
Darren Harvey	
Christopher Joye	

## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

### a. Key management personnel (continued)

#### i. Directors (continued)

The following persons held office as directors of Equity Trustees Limited from 25 November 2022 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. Trustee/Responsible Entity

Other than fees paid to the Trustee/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 Fund, directly or indirectly during the reporting period (30 June 2022: nil).

### b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period (30 June 2022: nil).

### c. Key management personnel unit holdings

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

### d. Key management personnel compensation

Up until 24 November 2022, key management personnel was paid by Coolabah Capital Institutional Investments Pty Limited. Payments made from the Fund to Coolabah Capital Institutional Investments Pty Limited did not include any amounts directly attributable to the compensation of key management personnel.

For the period 25 November 2022 to 30 June 2023, key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

### e. Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period (30 June 2022: nil).

### f. Other transactions within the Fund

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

### g. Trustee/Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Trustee/Responsible Entity and the Investment Manager are entitled to receive fees.

## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

### g. Trustee/Responsible Entity fees, Investment Manager's fees and other transactions (continued)

The transactions during the year and amounts payable as at year end between the Fund, the Trustee/Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
Management fees and costs for the year*	300,237	-
Management fees and costs payable at year end	86,481	-

\* The fees were borne by Investment Manager in the financial year ended 30 June 2022.

Equity Trustees Limited was paid \$nil for provision of Trustee services for the period 25 November 2022 to 29 November 2022. Equity Trustees Limited was paid \$24,260 for provision of Responsible Entity services for the period 30 November 2022 to 30 June 2023.

The Fund appointed Equity Trustees Limited, as the Responsible Entity. Under the PDS, the Responsible Entity receives a fee at an annual rate of 1.00% of the net asset value attributable to unit holders.

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

The management fees borne by the Fund are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers. Expense recoveries include Responsible Entity fees, Custodian and Administrator fees and other expenses.

There were no management fees and performance fees charged to the Fund for the period prior to registration of the Fund with ASIC.

### h. Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Fund, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment (\$)	Interest held (%)	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund (\$)
<b>As at 30 June 2023</b>							
Coolabah Capital Investments Pty Ltd	-	1,684	51,985	0.04	1,684	-	1,920

Parties related to the Fund (including Coolabah Capital Institutional Investments Pty Ltd, its related parties and other schemes managed by Coolabah Capital Institutional Investments Pty Ltd and the Investment Manager) held no units in the Fund during the year ended 30 June 2022 and from 1 July 2022 to 24 November 2022.

### i. Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2022: nil investments in Coolabah Capital Institutional Investments Pty Ltd or its related parties).

## 17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

## 18. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

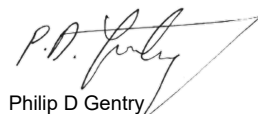
There were no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

## DIRECTORS' DECLARATION

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 29 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 Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date.
- b. There are reasonable grounds to believe that the Fund 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  
18 December 2023

## Independent Auditor's Report to the unitholders of Coolabah Floating-Rate High Yield Fund (Managed Fund) (formerly known as Coolabah ACSRF Portfolio 2 - Hybrids in FI Alternatives)

### Opinion

We have audited the financial report of Coolabah Floating-Rate High Yield Fund (Managed Fund) (formerly known as Coolabah ACSRF Portfolio 2 - Hybrids in FI Alternatives) (the Fund), which comprises the statement of financial position as at 30 June 2022 and 30 June 2023 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2022 and 30 June 2023 and of its financial performance for the year ended on that date; and
- b. 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 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.

### Information other than the financial report and auditor's report thereon

The Directors of the Responsible Entity are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly 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.



## Responsibilities of the Directors for the Financial Report

The Directors of the Equity Trustees Limited (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* and for such internal control as the directors determine is necessary to enable the preparation of the 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters relating 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 judgment 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 of the Responsible Entity.
- ▶ Conclude on the appropriateness of the Directors of the Responsible Entity of the Funds' 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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working world**

- ▶ 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.

Ernst & Young

Jonathan Hall  
Partner  
Sydney  
18 December 2023