

RAM Property Securities Fund

ARSN 653 731 830

Annual Report - 30 June 2023

RAM Property Securities Fund
Directors' report
30 June 2023

The directors of Equity Trustees Limited, the Responsible Entity of RAM Property Securities 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 3 August 2021, registered with the Australian Securities and Investments Commission ("ASIC") on 30 September 2021 and commenced operations on 22 October 2021.

The Fund is a registered managed investment scheme domiciled in Australia. The principal objectives of the Fund is to invest in liquid A-REITs and property related securities which trade on the Australian Securities Exchange, as well as property related debt investments and property related funds in accordance with the investment objectives and guidelines set out in its current Information Memorandum and in accordance with the provisions of its 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:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Real Asset Management Pty Ltd
Custodian	Apex Fund Services Pty Ltd (an Apex Group Company)
Registry and Administrator	Real Asset Management Pty Ltd
Statutory Auditor	Pitcher Partners Sydney

Directors

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

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

Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Information Memorandum and the provisions of the Fund's Constitution.

The Fund's performance was -5.30% for the year (30 June 2022: -19.50%) (net of fees), which included an income distribution of 5.00% (net of fees) to investors for the year ended 30 June 2023 (30 June 2022: 5.29%).

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

	Year ended	Year ended
	30 June 2023	30 June 2022
Profit/(loss) for the year (\$'000)	(8,911)	(25,238)
Distributions paid and payable (\$'000)	9,777	6,441
Distributions (cents per unit)	4.95	3.50

Significant changes in the state of affairs

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

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

**RAM Property Securities Fund
Directors' report
30 June 2023**

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 Information Memorandum 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.

Indemnity 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 auditor of the Fund is in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 14 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 14 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 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

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 immediately after this directors' report.

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

28 September 2023
Melbourne

Pitcher Partners Sydney Partnership

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**Auditor's Independence Declaration
To the Directors of Equity Trustees Limited
As Responsible Entity of RAM Property Securities Fund
ARSN 653 731 830**

As lead auditor for the audit of RAM Property Securities Fund for the year ended 30 June 2023, I declare that to the best of my knowledge and belief there have been:

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



C I Chandran
Partner

Pitcher Partners
Sydney

28 September 2023

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RAM Property Securities Fund
Statement of comprehensive income
For the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Investment income		
Interest income from financial assets at fair value through profit or loss	-	415
Dividend and distribution income	10,618	7,114
Net gains/(losses) on financial instruments at fair value through profit or loss	(18,065)	(31,661)
Total investment income/(loss)	<u>(7,447)</u>	<u>(24,132)</u>
Expenses		
Auditors' remuneration	(8)	(25)
Management fees	(1,213)	(944)
Transaction costs	(9)	(4)
Custody and administration fees	(153)	(75)
Other expenses	(81)	(58)
Total expenses	<u>(1,464)</u>	<u>(1,106)</u>
Profit/(loss) for the year attributable to the unit holders of RAM Property Securities Fund	(8,911)	(25,238)
Other comprehensive profit/(loss) for the year	-	-
Total comprehensive profit/(loss) for the year attributable to the unit holders of RAM Property Securities Fund	<u><u>(8,911)</u></u>	<u><u>(25,238)</u></u>

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

RAM Property Securities Fund
Statement of financial position
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Cash and cash equivalents	9	3,036	3,708
Receivables	11	2,605	3,074
Financial assets at fair value through profit or loss	5	<u>143,910</u>	<u>150,955</u>
Total assets		<u>149,551</u>	<u>157,737</u>
Liabilities			
Distributions payable	8	2,485	2,328
Payables	12	<u>175</u>	<u>355</u>
Total liabilities		<u>2,660</u>	<u>2,683</u>
Net assets attributable to unit holders - equity	7	<u><u>146,891</u></u>	<u><u>155,054</u></u>

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

RAM Property Securities Fund
Statement of changes in equity
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Total equity at the beginning of the financial year		155,054	-
Profit/(loss) for the year		(8,911)	(25,238)
Other comprehensive profit/(loss) for the year		-	-
Total comprehensive profit/(loss) for the year		(8,911)	(25,238)
<i>Transactions with unit holders in their capacity as unit holders:</i>			
Applications	7	16,742	192,066
Redemptions	7	(8,130)	(6,177)
Reinvestment of distributions	7	1,913	844
Distributions paid and payable	8	(9,777)	(6,441)
Total equity at the end of the financial year		<u>146,891</u>	<u>155,054</u>

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

RAM Property Securities Fund
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		2,375	701
Payments for purchase of financial instruments at fair value through profit or loss		(13,408)	(36,832)
Interest income received from financial assets at fair value through profit or loss		-	159
Dividends and distributions received		11,088	4,312
Management fees and costs paid		(1,315)	(836)
Custody and administration fees paid		(109)	(52)
Other expenses paid		(49)	(80)
Net cash inflow/(outflow) from operating activities	10	<u>(1,418)</u>	<u>(32,628)</u>
Cash flows from financing activities			
Proceeds from applications by unit holders		16,542	45,782
Payments for redemptions by unit holders		(8,175)	(6,177)
Distributions paid to unit holders		(7,621)	(3,269)
Net cash inflow/(outflow) from financing activities		<u>746</u>	<u>36,336</u>
Net increase/(decrease) in cash and cash equivalents		(672)	3,708
Cash and cash equivalents at the beginning of the year		<u>3,708</u>	<u>-</u>
Cash and cash equivalents at the end of the year	9	<u><u>3,036</u></u>	<u><u>3,708</u></u>

Information regarding the non-cash operating and financing activities are detailed in Note 10.

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

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RAM Property Securities Fund
Notes to the financial statements
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Note 1. General information

These financial statements cover RAM Property Securities Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 3 August 2021 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

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.

The Fund invests in liquid A-REITs and property related securities which trade on the Australian Securities Exchange, as well as property related debt investments and property related funds in accordance with the investment objectives and guidelines set out in its current Information Memorandum and in accordance with the provisions of its Constitution.

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.

Note 2. 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 the period presented, unless otherwise stated in the following text.

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 asset 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Fund.

The following Accounting Standards and Interpretations are most relevant to the Fund:

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").

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.

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Financial instruments

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 equity securities and 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 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, 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 flows 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 (distributions payable, management fees payable, applications received in advance and audit and tax fees payable).

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.

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 4 to the financial statements.

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

- 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 and receivables are carried at amortised cost.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Fund's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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 year, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

Investment income

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense 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.

Dividends and distributions

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

Expenses

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

Management fees and costs cover certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees and other operating expense.

Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income, including realised capital gains, to its unit holders.

RAM Property Securities Fund
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Note 2. Significant accounting policies (continued)

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.

Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unit holders. Where 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.

Functional and presentational 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.

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.

Receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

Payables

Payables include liabilities and accrued expenses owed by the Fund 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 are recognised in the statement of financial position. For unit holders who have previously elected to reinvest distributions, these are recognised as reinvested effective 1 July of the following financial year.

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.

Net assets attributable to unit holders - equity

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 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 are classified as equity as 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 instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

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Notes to the financial statements
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Note 2. Significant accounting policies (continued)

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.

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.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

Comparative period

The prior comparative period is from the inception of the Fund on 22 October 2021 until 30 June 2022.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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.

Note 3. Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price 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 Information Memorandum 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 long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Real Asset Management Pty Ltd ("RAM") 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 Fund's Constitution.

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

Market risk

Price risk

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges and in unlisted unit trusts. 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 Investment Manager, RAM.

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Notes to the financial statements
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Note 3. Financial risk management (continued)

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

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 expose them to risks associated with the effects of fluctuation in the prevailing market interest rate on its financial positions and cash flows. The impact of interest rate risk on the profit and net assets attributable to unit holders is considered immaterial to the Fund.

The Fund's main interest rate risk arises from its investments where interest rates can influence the value and return of investments.

Interest rate risk is managed by the Investment Manager, RAM.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to 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 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	
	+10%	-10%
	\$'000	\$'000
As at 30 June 2023		
Investment in listed A-REITs	10,556	(10,556)
Investment in unlisted A-REITs	3,835	(3,835)
As at 30 June 2022		
Investment in listed A-REITs	11,674	(11,674)
Investment in unlisted A-REITs	3,421	(3,421)

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 Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents. The maximum exposure to credit risk is the carrying amount of cash and cash equivalents.

Settlement of securities transactions

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.

Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- (as determined by the Standard & Poor's Rating Services) or higher.

Other

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

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.

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.

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 3. Financial risk management (continued)

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions.

Liquidity risk is managed by the Investment Manager, RAM and its related parties.

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 the reporting year.

Maturities of non-derivative financial liabilities

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

Note 4. 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 5)

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

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

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value in an inactive or unquoted market (level 2 and level 3)

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.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

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.

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 4. Fair value measurement (continued)

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

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.

Recognised fair value measurements

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

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets</i>				
Investments in listed A-REITs	105,556	-	-	105,556
Investments in unlisted A-REITs	-	38,354	-	38,354
Total assets	105,556	38,354	-	143,910

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 year.

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

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.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

Note 5. Financial assets at fair value through profit or loss

	2023 \$'000	2022 \$'000
Investments in listed A-REITs	105,556	116,741
Investments in unlisted A-REITs	38,354	34,214
	143,910	150,955

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 4 to the financial statements.

Note 6. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangement.

The Fund considers all investments in unlisted unit trusts ("Unlisted Trusts") to be structured entities. The Fund invests in Unlisted Trusts for the purpose of capital appreciation and/or earning investment income.

The fair value of investments in structured entities is as follows:

	2023 \$'000	2022 \$'000
RAM Australia Diversified Property Fund	38,354	34,214

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 6. Structured entities (continued)

The exposure to investments in related party Unlisted Trusts at fair value and any related party amounts recognised in the statement of comprehensive income is disclosed at Note 14 to the financial statements.

Note 7. Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions set out in Note 2. The Fund's units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

	Consolidated		Consolidated	
	2023 Units	2023 \$'000	2022 Units	2022 \$'000
Opening balance	186,948,024	155,054	-	-
Applications	20,542,023	16,742	192,561,405	192,066
Redemptions	(10,043,767)	(8,130)	(6,483,072)	(6,177)
Reinvestment of distributions	2,418,424	1,913	869,691	844
Distributions paid and payable	-	(9,777)	-	(6,441)
Profit/(loss) for the year	-	(8,911)	-	(25,238)
Closing balance	199,864,704	146,891	186,948,024	155,054

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 to the underlying assets of the Fund.

The 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 unit 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. In accordance with the provisions of the Fund constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders.

Note 8. Distributions to unitholders

The distributions declared during the financial year were as follows:

	Consolidated		Consolidated	
	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU
Distributions - Ordinary Units				
September	2,393	1.24	-	-
December	2,430	1.23	1,832	1.01
March	2,469	1.24	2,281	1.24
June (payable)	2,485	1.24	2,328	1.25
Total distributions	9,777	4.95	6,441	3.50

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 9. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank	<u><u>3,036</u></u>	<u><u>3,708</u></u>

Note 10. Reconciliation of Profit/(loss) to net cash inflow from operating activities

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

	2023	2022
	\$'000	\$'000
Profit/(loss) for the year	(8,911)	(25,238)
Proceeds from sale of financial instruments at fair value through profit or loss	2,375	701
Payments for purchase of financial instruments at fair value through profit or loss	(13,408)	(36,832)
Net (gains)/losses on financial instruments at fair value through profit or loss	18,065	31,661
Change in operating assets and liabilities:		
Net change in receivables	470	(3,074)
Net change in payables	(9)	154
Net cash inflow/(outflow) from operating activities	<u><u>(1,418)</u></u>	<u><u>(32,628)</u></u>

Non-cash investing and financing activities

Net settled issue of units and investment in listed A-REITS - RAM Essential Services Property Fund	-	146,485
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	<u>1,913</u>	<u>844</u>
Total non-cash operating and financial activities	<u><u>1,913</u></u>	<u><u>147,329</u></u>

Note 11. Receivables

	2023	2022
	\$'000	\$'000
Distributions receivable	2,589	3,059
GST receivable	<u>16</u>	<u>15</u>
	<u><u>2,605</u></u>	<u><u>3,074</u></u>

Note 12. Payables

	2023	2022
	\$'000	\$'000
Management fees payable	91	108
Audit and tax advisory fees payable	19	30
Custodian and administration fees payable	32	17
Accrued expenses	12	-
Withholding tax payable	21	-
Unit applications received in advance	<u>-</u>	<u>200</u>
	<u><u>175</u></u>	<u><u>355</u></u>

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 13. Remuneration of auditors

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

	2023	2022
	\$	\$
Pitcher Partners Sydney		
Audit and review of the financial statements	15,000	15,000
Total remuneration of Pitcher Partners Sydney	<u>15,000</u>	<u>15,000</u>
PricewaterhouseCoopers		
Audit of the compliance plan	-	2,000
Total remuneration of PricewaterhouseCoopers	<u>-</u>	<u>2,000</u>

The auditors' remuneration is borne by the Fund. Fees are stated exclusive of GST.

Note 14. Related party transactions

The Responsible Entity of RAM Property Securities Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted Real Asset Management Pty Ltd ("RAM"), to act as Investment Manager and Administrator for the Fund and Apex Fund Services Pty Ltd to act as Custodian for the Fund. The contracts are on normal commercial terms and conditions.

At the reporting date, the Fund held investments in other managed investment schemes where RAM or its related parties were the Investment Manager as disclosed under 'Investments' within this Note.

Key management personnel

Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

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

Responsible entity

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

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 financial year.

Transactions with key management personnel

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

Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2023.

Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd, a related party of the Responsible Entity. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

Key management personnel loans

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

RAM Property Securities Fund
Notes to the financial statements
30 June 2023

Note 14. Related party transactions (continued)

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.

Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity and the Investment Manager are entitled to receive fees.

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

	2023	2022
	\$'000	\$'000
Management fees for the year	1,122	944
Trustee fees for the year	37	38
Registry fees for the year	52	-
	<u>1,211</u>	<u>982</u>
	2023	2022
	\$'000	\$'000
Management fees payable at year end	91	108
Responsible Entity payable at year end	28	13
Administration fees payable at year end	4	4
	<u>123</u>	<u>125</u>

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

Investment management fees reimbursed represent monies put into the Fund to ensure that the Fund's overall management costs remain within that disclosed in the Constitution. There was no reimbursement of fees during the reporting year.

Related party 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) held no units in the Fund as at 30 June 2023.

Investments

The Fund held investments in the following schemes which are also managed by Equity Trustees Limited or its related parties:

	2023	2022
	\$'000	\$'000
RAM Essential Services Property Fund	104,111	115,617
RAM Australia Diversified Property Fund	38,354	34,214
	<u>142,465</u>	<u>149,831</u>

Note 15. 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.

Note 16. Contingent assets and liabilities and commitments

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

**RAM Property Securities Fund
Directors' declaration
30 June 2023**

In the opinion of the directors of the Responsible Entity:


The financial statements and notes set out on pages 5 to 22 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- 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.

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

Note 2 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

28 September 2023
Melbourne

Pitcher Partners Sydney Partnership

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**Independent Auditor's Report
To the Unitholders of RAM Property Securities Fund
ARSN 653 731 830**

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of RAM Property Securities Fund ("the Fund"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the Directors' Declaration.

In our opinion the financial report of the Fund has been prepared in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and *Corporation 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 Responsibility 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.

Other information

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

Other information (continued)

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Conclude on the appropriateness of the Directors of the Responsible Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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.



C I Chandran
Partner

28 September 2023



Pitcher Partners
Sydney