



**CROMWELL**  
FUNDS MANAGEMENT

● ● ● Phoenix Portfolios

# Cromwell Phoenix Global Opportunities Fund

ARSN 654 056 961

## Annual Financial Report

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30 JUNE 2023

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Responsible entity:  
Cromwell Funds Management Limited  
ABN 63 114 782 777 AFSL 333 214  
Level 19, 200 Mary Street  
Brisbane QLD 4000

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## DIRECTORY

*Responsible entity:*

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AFSL 333 214  
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# Directors' Report

The Directors of Cromwell Funds Management Limited, the responsible entity of Cromwell Phoenix Global Opportunities Fund (the "Fund"), present their report for the year ended 30 June 2023.

The Fund was registered as a managed investment scheme with the Australian Securities and Investments Commission ("ASIC") on 11 October 2021 and commenced taking investor applications on 26 October 2021 when the Product Disclosure Statement was released. Note 13 includes additional comparative information of the Fund's financial performance between the period prior to accepting investor applications and subsequent to accepting investor applications for the year ended 30 June 2022.

## The responsible entity and its Directors

Cromwell Funds Management Limited has been responsible entity of the Fund since its commencement. Cromwell Funds Management Limited is part of Cromwell Property Group, a global real estate investment manager with \$11.5 billion of assets under management. The responsible entity undertakes management and administrative duties for the Fund and monitors the Custodian, Link Fund Solutions Pty Limited, which holds the Fund's assets on behalf of the unitholders.

The responsible entity's Directors (collectively referred to as "the Directors") are as follows:

Ms TL Cox	Non-executive Chair	Appointed 14 January 2021, Chair since 14 January 2021
Ms JA Tongs	Non-executive Director	Appointed 18 December 2014, retired 5 December 2022
Ms LJC Crombie	Non-executive Director	Appointed 30 June 2022
Ms RJ Lloyd	Non-executive Director	Appointed 18 July 2022
Mr GG Ross	Non-executive Director	Appointed 18 July 2022

## Principal activity

The Fund's principal activity is investment in a geographically diverse portfolio of listed, small capitalisation securities to provide a mixture of income and capital growth to investors. The Fund aims to achieve this by investing in a portfolio of internationally listed, predominately small capitalisation securities, which at the time of their acquisition, are considered to be trading at discounts to their observable net asset values. The Fund aims to provide investors with a total return (after management fees) in excess of 7.5% per annum and outperform the Vanguard Total World Stock ETF in \$AUD ("Benchmark") after fees and costs over rolling 5 year periods.

## Review of operations and results

### Financial performance

The Fund recorded a profit for the year of \$764,612 (2022: loss of \$364,855) and declared distributions of \$133,706 (2022: \$96,036).

The following table shows the Fund's performance against its benchmark index since the Fund's inception:

	1 Year	2 years	3 years	Since inception (annualised)
Fund performance (before fees and costs)	19.6%	4.5%	18.5%	13.1%
Fund performance (after fees and costs)	18.1%	3.4%	15.5%	10.3%
Vanguard Total World Stock ETF	20.4%	4.8%	12.5%	9.3%
<b>(Shortfall) / excess return (after fees and costs)</b>	<b>(2.3%)</b>	<b>(1.4%)</b>	<b>3.0%</b>	<b>1.0%</b>

For the year ending 30 June 2023, the Fund posted a positive return of 18.1%. Global equity markets moved sharply higher over the period, particularly in the second half of the financial year. Much of the strong performance of global indices was driven by mega capitalisation stocks, predominantly operating in the technology sector. The Fund has no direct exposure to these types of securities, which are not considered part of its investment universe. The Australian Dollar underperformed most developed market currencies over the period, which aided performance from an absolute return perspective. The Fund's exposure to the British Pound and the Euro were the largest contributors from an absolute perspective. The Fund's exposure to the Japanese Yen detracted value from an absolute perspective and relative to global indices. The Fund remains unhedged due to the imposition of costs and additional complexity of currency hedging. The manager believes it has a competitive advantage at choosing undervalued securities, not speculating on foreign exchange rates.

The fund has achieved its dual objectives over 3 years, both outperforming its benchmark and returning more than 7.5% per annum.

Compagnie de l'Odet (ENXTPA:ODET) was the largest contributor to performance over the period. The company (through its holding in Bollore SE) announced the sale of its third-party logistics business at a robust valuation. The sale is still subject to relevant approvals, however is a step towards simplifying a complex structure. Mountview Estates P.L.C (LSE:MTVW) was the largest detractor from fund performance over the period. Despite producing solid financial results over the period, its exposure to residential property in the United Kingdom was likely viewed unfavourably by some. Both securities remain in the Fund and appear attractive from a risk/reward perspective.

# Directors' Report

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Fund during the year except as disclosed in the accompanying financial report.

## Subsequent events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years; or
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

## Likely results and expected results of operations

The activities of the Fund are regulated by the Fund's constitution. Owing to the limitations on the scope of activities contained in the constitution, future activities of the Fund will be confined to investment in a portfolio of internationally listed, predominately small capitalisation securities and selected other investments with similar characteristics to provide a mixture of income and capital growth to investors.

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 and other global economic impacts (such as global geopolitical instability and tightened monetary policy). 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.

## Environmental regulation

The Directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to the Fund.

## Distributions

Distributions paid/payable to unitholders for the year ended 30 June 2023 were \$133,706 (2022: \$96,036). Distributions payable at balance date were \$133,706 (2022: \$96,036).

## Options

No options over unissued units in the Fund have been issued since inception date and none are on issue at the date of this report.

## Fees to responsible entity

Total fees paid/payable to the responsible entity or their associates during the year were \$84,104 (2022: \$15,376).

## Units held by the responsible entity

No units in the Fund have been issued to the responsible entity or its Directors during the year and none are held by the responsible entity or its Directors at the date of this report. Phoenix Portfolios Pty Ltd is the investment manager of the Fund and holds 720,383 (2022: 615,037) units in the Fund as an investment. The Cromwell Diversified Property Trust ("DPT") is an entity related to the responsible entity and holds 527,724 (2022: 527,724) units in the Fund as an investment. Prior to year-end DPT applied for additional units in the Fund paying \$500,000 in June 2023, which remained unallocated at year-end. Subsequent to year-end and after the Fund's distribution period, DPT was issued 400,224 units in the Fund. Refer note 9(d) for further details of units held by DPT and units held by companies related to Ms JA Tong.

## Indemnifying officers or auditors

No indemnities have been given by the Fund during or since the end of the financial year, for any person who is or has been an officer or auditor of the Fund. No insurance premiums have been paid for out of the assets of the Fund in regards to insurance provided to the responsible entity or the auditors of the Fund.

## Issued units

A total of 2,172,644 (2022: 2,276,664) units were issued by the Fund during the financial year. There were no redemptions (2022: nil) in the Fund during the year. There were 5,452,628 (2022: 3,279,984) issued units in the Fund as at the end of the financial year.

## Value of scheme assets

The total carrying value of the Fund's assets at the end of the financial year was \$7,474,320 (2022: \$3,696,734). The Fund held investments valued at \$6,442,210 (2022: \$3,439,615) and net assets attributable to unitholders of \$6,771,182 (2022: \$3,516,853) at balance date. This represents net tangible assets of \$1.24 (2022: \$1.07) per unit, before any allowance for selling costs.

# Directors' Report

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) accompanies this report on page 6.

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



Ms TL Cox

Chair

11 September 2023

Sydney



# Statement of Profit or Loss

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Investment and other income</b>			
Distributions and dividend income	4(c)	206,617	179,331
Net fair value gain from investments in equity securities	4(b)	512,673	-
Net foreign exchange gain		145,093	41,620
Interest and other income		7,108	-
<b>Total investment and other income</b>		<b>871,491</b>	<b>220,951</b>
<b>Expenses</b>			
Net fair value loss from investments in equity securities	4(b)	-	554,643
Fund performance fees	9(e)	74,357	10,711
Fund administration costs	9(e)	9,747	4,665
Withholding tax on foreign dividends		7,997	6,181
Other expenses		14,778	9,606
<b>Total expenses</b>		<b>106,879</b>	<b>585,806</b>
<b>Profit / (loss) for the year attributable to unitholders</b>		<b>764,612</b>	<b>(364,855)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income / (loss) for the year attributable to unitholders</b>		<b>764,612</b>	<b>(364,855)</b>

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

Refer to note 13 for an allocation of the Fund's comparative financial performance between the periods prior and subsequent to accepting investor applications during the year ended 30 June 2022.

# Balance Sheet

As at 30 June 2023

	Notes	2023 \$	2022 \$
<b>Assets</b>			
Cash and cash equivalents		1,015,398	236,660
Receivables	3	16,712	20,459
Investments at fair value through profit or loss	4	6,442,210	3,439,615
<b>Total assets</b>		<b>7,474,320</b>	<b>3,696,734</b>
<b>Liabilities</b>			
Payables	5	569,432	83,845
Distribution payable	2(b)	133,706	96,036
<b>Total liabilities</b>		<b>703,138</b>	<b>179,881</b>
<b>Net assets</b>		<b>6,771,182</b>	<b>3,516,853</b>
<b>Equity</b>			
Contributed equity	6	6,389,078	3,765,655
Retained earnings / (accumulated losses)		382,104	(248,802)
<b>Total equity</b>		<b>6,771,182</b>	<b>3,516,853</b>

The above balance sheet should be read in conjunction with the accompanying notes.









# Notes to the Financial Statements

For the year ended 30 June 2023

## a) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

As at 30 June 2023 and 30 June 2022 the only assets carried at fair value are investments at fair value through profit or loss. Detailed information about the fair value measurement of these financial instruments is contained in note 7.

## b) New and amended accounting standards and interpretations adopted by the Fund

The Fund has adopted all applicable new Australian accounting standards and interpretations. There are no new relevant accounting standards and interpretations that have been adopted in the current year.

Any new relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted by the Fund are unlikely to have any material impact on the Fund.

## 2. Distributions

### a) Overview

Distributions to unitholders are paid annually. When calculating the amount of distribution, the expected return from the Fund's investments (on an annualised basis) is taken into account. The actual amount distributed may be higher or lower than this amount but is no less than the Fund's net taxable income.

### b) Distributions paid / payable

The distribution history of the Fund may be viewed on Cromwell's webpage [www.cromwell.com.au/gof](http://www.cromwell.com.au/gof). The distribution rate for the year was 2.45218 cents (2022: 2.92794 cents). Total distributions paid / payable during the year were as follows:

	2023 \$	2022 \$
Distributions paid / payable	133,706	96,036

The distribution payable for the year-ended 30 June 2023 of \$133,706 was settled on 19 July 2023. \$82,875 was reinvested into the Fund by unitholders and \$50,831 was paid to unitholders (2022: \$42,423 was reinvested into the Fund by unitholders and \$53,613 was paid to unitholders).

## 3. Receivables

### a) Overview

Receivables of the Fund generally consist of distributions and dividends receivable from its investment, unsettled sales and other receivables such as withholding tax receivable and Goods and Services Tax (GST).

	2023 \$	2022 \$
Distributions and dividends receivable	12,065	2,298
Other receivables	4,647	18,161
<b>Total receivables</b>	<b>16,712</b>	<b>20,459</b>

### b) Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Receivables may include amounts for trust distributions which are accrued when the right to receive payment is established and unsettled sales.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off.

At year end there were no receivables past due but not impaired (2022: nil). No receivables have been determined to be impaired (2022: nil).

# Notes to the Financial Statements

For the year ended 30 June 2023

## 4. Investments at fair value through profit or loss

### a) Overview

The Fund invests in global portfolio of internationally listed, predominately small capitalisation securities with the aim to deliver a total return (after fees) in excess of 7.5% per annum and outperform the MSCI All Country World Net Index in \$AUD over 5 years. As at 30 June 2023 the investments of the Fund comprised of internationally listed equity securities.

### b) Investment details

As at year end the Fund held the following investments:

	2023 \$	2022 \$
Listed equity securities	6,442,210	3,439,615

For accounting purposes, the fund's investments in listed securities are classified as investments at fair value through profit or loss with fair value gains or losses recognised in profit or loss. For further details about the fair value measurement of these financial assets refer to note 7. During the year the Fund recognised fair value gains of \$512,673 (2022: fair value losses of \$554,643) from investments at fair value through profit or loss.

### c) Distributions and dividend income

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss within distributions and dividend income when the Fund's right to receive payments is established. During the year the Fund recognised distributions and dividend income of \$206,617 (2022: \$179,331) from its investments at fair value through profit or loss.

### d) Accounting policy

Investments at fair value through profit or loss include listed equity securities held for trading purposes. Investments are recognised and derecognised on trade date.

Investments held at fair value through profit or loss are initially measured at fair value. Subsequent to initial recognition investments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

For listed equity securities, the fair value is determined by reference to the final closing price on the international markets. For further information regarding the accounting policies of the Fund's financial assets recognised at fair value through profit or loss refer to note 7(g).

## 5. Payables

### a) Overview

Payables of the Fund generally consist of unsettled purchases, unallocated applications, performance fees payable and other payables such as interest payable and expense recoveries payable.

	2023 \$	2022 \$
Unsettled purchases	28,671	71,879
Performance fee payable	35,509	-
Other payables	3,252	1,966
Unallocated applications <sup>(1)</sup>	502,000	10,000
<b>Total payables</b>	<b>569,432</b>	<b>83,845</b>

<sup>(1)</sup> Units for applications unallocated at year-end were issued subsequent to year-end.

### b) Accounting policy

Payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to the Fund prior to the end of the year and which are unpaid. The amounts are unsecured and settled within 60 days of agreed terms. Amounts for unsettled purchases represent investment transactions which had not completed at year end. Amounts for unallocated applications represent monies received from unitholder subscriptions which remain unallocated at year-end. Unsettled purchases and unallocated applications generally complete shortly after in the month following the transaction or application.

# Notes to the Financial Statements

For the year ended 30 June 2023

## 6. Contributed equity

### a) Overview

Units are issued and redeemed by the Fund at a unit price determined monthly in accordance with the responsible entity's Unit Pricing Policy. Per the Australian Securities and Investments Commission ("ASIC") and the Australian Prudential Regulation Authority's ("APRA") Unit Pricing: Guide to Good Practice, investors will receive compensation for any material unit pricing errors. In accordance with these guidelines the Fund does not pay exited members compensation for material unit pricing errors where the amount of any compensation payable is less than \$20.

### b) Movements in contributed equity

	#	\$
Balance at 1 July 2021	1,003,320	1,008,252
Units issued for cash	2,224,536	2,694,000
Distribution reinvestments	52,128	63,403
Balance at 30 June 2022	3,279,984	3,765,655
Units issued for cash	<b>2,133,078</b>	<b>2,581,000</b>
Distribution reinvestments	<b>39,566</b>	<b>42,423</b>
<b>Balance at 30 June 2023</b>	<b>5,452,628</b>	<b>6,389,078</b>

### c) Capital risk management

The Fund considers its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

Monthly applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a monthly 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 suspend withdrawals of units in certain circumstance if the exercise of such discretion is in the best interests of unitholders.

### d) Accounting policy

A financial instrument that includes a contractual obligation for the Fund to deliver to each instrument holder their pro rata share of the Fund's net assets on liquidation is classified as an equity instrument (contributed equity) when it has all the following features:

- The instrument entitles each instrument holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. The Fund's net assets are those assets that remain after deducting all other claims on the entity's assets. A pro rata share is determined by dividing the net assets of the Fund at the end of its term into units of equal amount and multiplying that amount by the number of units held by the instrument holder.
- The instrument is subordinate to all other classes of financial instruments of the Fund. For this to be the case, the instrument must give the instrument holder no priority over other claims to the assets of the Fund on liquidation and must not need to be converted into another instrument to be in a class of instruments that is subordinate to all other classes of instruments.
- All instruments in the class of instruments must have an identical contractual obligation for the entity to deliver a pro rata share of its net assets on liquidation.

In addition to the above features, the Fund must have no other financial instrument or contract that has total cash flows 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 Fund and the effect of substantially restricting or fixing the residual return to instrument holders.

## 7. Financial risk management

### a) Overview

The Fund's activities exposed it to a variety of financial risks which included credit risk, liquidity risk, foreign currency risk and market risk. The responsible entity's overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Fund.



# Notes to the Financial Statements

For the year ended 30 June 2023

## c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the Fund. It is the responsible entity's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements.

At 30 June 2023 and 30 June 2022 all financial liabilities were due within one year.

## d) Market risk

### Interest rate risk

The Fund does not carry any direct interest bearing liabilities and does not carry material cash balances (at 30 June 2023, the Fund's cash balance included \$502,000 of cash received from investor applications which were allocated in July 2023) and is therefore not exposed to any material interest rate risk.

### Price risk - equity investments

The Fund is exposed to equity price risk in relation to its investments in listed equity securities recorded at fair value through profit or loss in the balance sheet. The price of listed equity securities is dependent on equity market movements on foreign stock exchanges in which the equity securities are listed.

The table below details Fund's sensitivity to movements in the fair value of the Fund's investments at fair value through profit or loss:

Fair value increase / (decrease) of:	Carrying amount \$'000	+10%		-10%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>2023</b>					
Investments at fair value through profit or loss	<b>6,442,210</b>	<b>644,221</b>	<b>644,221</b>	<b>(644,221)</b>	<b>(644,221)</b>
<b>2022</b>					
Investments at fair value through profit or loss	3,439,615	343,962	343,962	(343,962)	(343,962)

### 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 will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, the fund manager monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund invests across multiple global equities markets including North America, Europe and Asia, with investments held in foreign currencies including United States Dollars, Euro, Great British Pounds, Hong Kong Dollars, Canadian Dollars, Singapore Dollars, Norwegian Krone and Japanese Yen. The Fund also holds cash and cash equivalents in a range of foreign currencies to facilitate the purchase of foreign currency denominated investments. Based on the portfolio of the Fund's investments at fair value through profit or loss and the various foreign denominated cash and cash equivalents held, the Fund's highest exposure are those investments and cash denominated in United States Dollar ('USD') and Great British Pound ('GBP').

The table below, expressed in Australian dollars, summarises the Fund's exposure to investments at fair value through profit and loss and cash and cash equivalents denominated in USD and GBP:

	2023		2022	
	USD \$	GBP \$	USD \$	GBP \$
Cash and cash equivalents	3,376	104,971	98,499	79,537
Investments at fair value through profit or loss	1,886,482	1,131,731	1,187,179	560,816
	<b>1,889,858</b>	<b>1,236,702</b>	1,285,678	640,353

A 1% change in the exchange rate of the USD and GBP would not have a material impact on the Fund's profit after tax and equity.

A 10% change in the exchange rate of the USD and GBP would have a \$189,000 or \$124,000 impact on the Fund's profit after tax and equity.

## e) Fair value measurement of financial instruments

The Fund's only financial instruments measured at fair value are its investments in globally listed securities.

The Fund measures and recognises the following financial instruments at fair value on a recurring basis as level 1 (quoted market prices).

- Listed equity investments - at level 1, where quoted prices (unadjusted) in active markets for identical assets.



# Notes to the Financial Statements

For the year ended 30 June 2023

## Valuation techniques used to derive Level 1 fair values

The fair value of financial instruments traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

At balance date, the Fund held no Level 2 or Level 3 financial instruments.

The table below presents the Fund's financial assets measured and carried at fair value at 30 June 2023 and 30 June 2022:

	2023			2022		
	Level 1 \$	Level 2 \$	Total \$	Level 1 \$	Level 2 \$	Total \$
<b>Financial assets at fair value</b>						
Investments at fair value through profit or loss						
Listed equity securities	6,442,210	-	6,442,210	3,439,615	-	3,439,615
Total	6,442,210	-	6,442,210	3,439,615	-	3,439,615

The Fund does not hold any other financial instruments at fair value in the current or prior year. The Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels of the fair value hierarchy during the current and prior financial years.

## f) Fair values of other financial instruments not measured at fair value

The carrying amounts of receivables, payables and distributions payable are assumed to approximate their fair values due to their short-term nature.

## g) Accounting policy

The accounting policies with respect to the initial recognition, measurement, classification and subsequent measurement of the Fund's financial assets and financial liabilities are detailed below:

### Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

### Financial assets

#### Classification and subsequent recognition and measurement

Subsequent to initial recognition the Fund classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends upon whether the objective of the Fund's relevant business model is to hold financial assets in order to collect contractual cash flows (business model test) and whether the contractual terms of the cash flows give rise on specified dates to cash flows that are solely payments of principal and interest (cash flow test).

#### Financial assets recognised at amortised cost

Receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

#### Financial assets recognised at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or recognition at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and presented net within other gains / (losses) in the period in which it arises.

# Notes to the Financial Statements

For the year ended 30 June 2023

## Impairment

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

For receivables, the Fund applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

## Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

### Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

When the Fund exchanges one debt instrument for another with substantially different terms with an existing lender, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Fund accounts for the substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new financial liability.

## 8. Cash flow information

### a) Overview

This note provides further information on the cash flow statement of the Fund. It reconciles profit / (loss) for the year to cash flows from operating activities and information about non-cash transactions.

### b) Reconciliation of profit / (loss) for the year to net cash provided by operating activities

	2023 \$	2022 \$
<b>Profit / (loss) for the year</b>	<b>764,612</b>	(364,855)
Fair value net (gain) / loss from investments	(512,673)	554,643
Net foreign exchange gain	(145,093)	(41,620)
Dividend income reinvested	(1,767)	-
<i>Changes in operating assets and liabilities:</i>		
Decrease / (increase) in receivables	3,747	(13,858)
Increase / (decrease) in payables	36,838	(23,651)
<b>Net cash provided by operating activities</b>	<b>145,664</b>	110,659

### c) Non-cash financing and investing items

	2023 \$	2022 \$
Units issued on reinvestment of distributions	42,423	63,403
Dividend income reinvested	(1,767)	-



# Notes to the Financial Statements

For the year ended 30 June 2023

## 10. Remuneration of auditor

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

	2023 \$	2022 \$
<b>Audit services</b>		
<i>Pitcher Partners Brisbane</i>		
• Audit and review of financial report <sup>(1)</sup>	12,500	7,000
• Audit of comparative financial information	-	3,500
• Audit of compliance plan	3,900	3,700
<b>Total remuneration for audit and other assurance services</b>	<b>16,400</b>	<b>14,200</b>

(1) Total remuneration for audit and other assurance services for the current and prior years have not yet been recharged to the Fund by the responsible entity. Hence, these amounts are not included in the Fund's profit and loss.

## 11. Unrecognised items

### a) Overview

Items that have not been recognised on the Fund's balance sheet include contractual commitments for future expenditure and contingent liabilities which are not sufficiently certain to qualify for recognition as a liability on the balance sheet. This note provides details of any such items.

### b) Contingent assets and contingent liabilities

The Directors are not aware of any material contingent assets or contingent liabilities and the Directors are not aware of any material changes in contingent assets or contingent liabilities of the Fund.

### c) Commitments

At year end the Fund does not have any material expenditure commitments.

## 12. Subsequent events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years; or
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

## 13. Statement of profit or loss information for the year ending 30 June 2022

### a) Overview

The purpose of this note is to provide additional information with regards to the Fund's statement of profit or loss for the comparative period prior to accepting investor applications (from July 2021 to October 2021) and for the period subsequent to accepting investor applications (from November 2021 to June 2022). The results are for whole months which are considered to be materially accurate for the periods before and after investors commenced with the Fund.











We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

*Pitcher Partners*  
PITCHER PARTNERS



**CHERYL MASON**  
Partner

Brisbane, Queensland  
11 September 2023