

**Australian Unity Diversified  
Managed Investment Schemes**

# Annual report

**For the year ended 30 June 2023**

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**AUFM Managed Fund No.1**  
(referred to as “Pro-D High Growth Fund”)  
ARSN 160 420 986

**AUFM Managed Fund No.2**  
(referred to as “Pro-D Balanced Fund”)  
ARSN 160 421 063

**AUFM Managed Fund No.3**  
(referred to as “Pro-D Growth Fund”)  
ARSN 160 421 161



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## Directors' report

The directors of Australian Unity Funds Management Limited (ABN 60 071 497115), the "Responsible Entity" of Australian Unity Diversified Managed Investment Schemes (the "Schemes"), listed below, present their reports together with the financial statements of the Schemes for the financial year ended 30 June 2023.

Scheme name	ARSN	Referred to as
AUFM Managed Fund No.1	160 420 986	Pro-D High Growth Fund
AUFM Managed Fund No.2	160 421 063	Pro-D Balanced Fund
AUFM Managed Fund No.3	160 421 161	Pro-D Growth Fund

## Directors

The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report (unless otherwise stated):

<b>Rohan Mead</b>	Chairman and Group Managing Director
<b>Esther Kerr-Smith</b>	Chief Executive Officer, Wealth and Capital Markets
<b>Darren Mann</b>	Group Executive Finance & Strategy and Chief Financial Officer

## Principal activities

The Schemes invest in accordance with the investment policy of the Schemes as set out in their respective Product Disclosure Statements (PDS) and in accordance with the Schemes' Constitutions.

Australian Unity Funds Management Limited (AUFM) in conjunction with specialist asset allocation consultant Farrelly Research and Management Pty Ltd, is responsible for managing the asset class mix. AUFM is responsible for the selection and monitoring of the underlying investment managers.

The Schemes' actual asset allocation will vary from time to time however they typically invest in cash, Australian shares, international shares, managed investment schemes and real assets.

## Review and results of operations

For the years ended 30 June 2023 and 30 June 2022 the Schemes posted total returns as follows<sup>1</sup>:

	2023			2022		
	Total Return %	Distribution Return %	Growth Return %	Total Return %	Distribution Return %	Growth Return %
AUFM Managed Fund No.1 (Pro-D High Growth Fund)	<b>12.31</b>	<b>5.94</b>	<b>6.37</b>	(6.55)	8.52	(15.07)
AUFM Managed Fund No.2 (Pro-D Balanced Fund)	<b>6.24</b>	<b>2.95</b>	<b>3.29</b>	(5.82)	3.36	(9.18)
AUFM Managed Fund No.3 (Pro-D Growth Fund)	<b>9.58</b>	<b>3.87</b>	<b>5.71</b>	(6.34)	4.51	(10.85)

Unit prices (ex distribution) as at 30 June were as follows<sup>1</sup>:

	2023 \$	2022 \$
<b>Wholesale units</b>		
AUFM Managed Fund No.1 (Pro-D High Growth Fund)	<b>1.1344</b>	1.0666
AUFM Managed Fund No.2 (Pro-D Balanced Fund)	<b>1.1041</b>	1.0690
AUFM Managed Fund No.3 (Pro-D Growth Fund)	<b>1.1705</b>	1.1074

<sup>1</sup>The reported performance numbers and the reported unit prices (which are not audited) have been derived based on the declared unit prices calculated in accordance with the Responsible Entity's unit pricing policy and are not based on the net assets of these IFRS compliant financial statements. Return calculations assume reinvestment of distributions.

## Directors' Report (continued)

### Review and results of operations (continued)

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

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Profit/(loss) before finance costs attributable to unitholders	2,316	(1,292)	5,209	(5,626)	5,460	(4,300)
<i>Distributions</i>						
Distributions paid and payable	1,092	1,856	2,350	3,308	2,122	3,023

### Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of the affairs of the Schemes that occurred during the year, except those mentioned elsewhere in the report.

### Events occurring after end of the year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the operations of the Schemes, the results of operations, or the state of the Schemes' affairs in future reporting periods, except those mentioned elsewhere in the report.

### Likely developments and expected results of operations

The Schemes will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

Further information on likely developments in the operations of the Schemes and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Schemes.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Schemes in regards to insurance cover provided to either the officers of Australian Unity Funds Management Limited or the auditors of the Schemes. So long as the officers of Australian Unity Funds Management Limited act in accordance with the Schemes' Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Schemes against losses incurred while acting on behalf of the Schemes. The auditors of the Schemes are in no way indemnified out of the assets of the Schemes.

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

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

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

The number of interests in the Schemes held by the Responsible Entity or its associates as at the end of the year are disclosed in Note 14 to the financial statements.

### Units in the Schemes

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

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

## Directors' Report (continued)

### Environmental regulation

The Schemes operations are not subject to environmental regulations under Australian law.

### Rounding of amounts

The Schemes are entities of the kind referred to in ASIC *Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars, where indicated.

### Auditor's Independence Declaration

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

### Related Schemes Reports

ASIC *Corporations (Related Scheme Reports) Instrument 2015/839* allows the Financial Statements and the Directors' Report of related registered schemes to be presented in a single financial report. This financial report has been prepared in accordance with this relief.

Signed in accordance with a resolution of the directors of Australian Unity Funds Management Limited.



Rohan Mead  
Director



Darren Mann  
Director

22 September 2023



## Auditor's Independence Declaration

- AUFM Managed Fund No. 1 (referred to as "Pro-D High Growth Fund")
- AUFM Managed Fund No. 2 (referred to as "Pro-D Balanced Fund")
- AUFM Managed Fund No. 3 (referred to as "Pro-D Growth Fund")

referred to collectively as Australian Unity Diversified Managed Investment Schemes.

As lead auditor for the audit of Australian Unity Diversified Managed Investment Schemes for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audits; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audits.

A handwritten signature in blue ink, appearing to read 'G. Sagonas', is positioned above the printed name.

George Sagonas  
Partner  
PricewaterhouseCoopers

Melbourne  
22 September 2023

## Statements of comprehensive income

Notes	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)		
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	
<b>Investment income</b>							
Interest income from financial assets at amortised cost	3	21	–	70	–	48	–
Interest income from financial assets at fair value through profit or loss	3	–	–	10	–	3	–
Distribution income	4	731	1,315	2,421	3,634	1,995	3,263
Net foreign exchange gains/(losses)		3	(2)	–	–	2	(2)
Net gains/(losses) on financial instruments at fair value through profit or loss		1,637	(2,513)	3,000	(8,877)	3,614	(7,331)
Other income		78	103	298	374	229	287
<b>Total investment income/(loss)</b>		<b>2,470</b>	<b>(1,097)</b>	<b>5,799</b>	<b>(4,869)</b>	<b>5,891</b>	<b>(3,783)</b>
<b>Expenses</b>							
Management costs	14	152	183	583	693	426	482
Interest expense		–	11	–	63	–	34
Transaction and operating costs		2	1	7	1	5	1
<b>Total expenses</b>		<b>154</b>	<b>195</b>	<b>590</b>	<b>757</b>	<b>431</b>	<b>517</b>
<b>Profit/(loss) for the year</b>		<b>2,316</b>	<b>(1,292)</b>	<b>5,209</b>	<b>(5,626)</b>	<b>5,460</b>	<b>(4,300)</b>
Other comprehensive income		–	–	–	–	–	–
<b>Total comprehensive income/(loss) attributable to unitholders</b>		<b>2,316</b>	<b>(1,292)</b>	<b>5,209</b>	<b>(5,626)</b>	<b>5,460</b>	<b>(4,300)</b>

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

## Statements of financial position

Notes	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)		
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	
<b>Assets</b>							
Cash and cash equivalents	8	675	384	1,718	2,068	1,420	1,585
Receivables	12	407	1,021	924	2,182	993	2,230
Financial assets at fair value through profit or loss	9	19,695	18,308	80,907	85,081	57,853	57,364
<b>Total assets</b>		<b>20,777</b>	19,713	<b>83,549</b>	89,331	<b>60,266</b>	61,179
<b>Liabilities</b>							
Distributions payable	7	938	1,651	1,558	2,412	1,661	2,436
Payables	13	251	13	460	1,171	334	296
<b>Total liabilities</b>		<b>1,189</b>	1,664	<b>2,018</b>	3,583	<b>1,995</b>	2,732
<b>Net assets attributable to unitholders – equity</b>	6	<b>19,588</b>	18,049	<b>81,531</b>	85,748	<b>58,271</b>	58,447

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



## Statements of changes in equity

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Balance at the beginning of the year</b>	<b>18,049</b>	25,245	<b>85,748</b>	102,995	<b>58,447</b>	62,591
<b>Comprehensive income for the year</b>						
Profit/(loss) for the year	<b>2,316</b>	(1,292)	<b>5,209</b>	(5,626)	<b>5,460</b>	(4,300)
<b>Total comprehensive income/(loss)</b>	<b>2,316</b>	(1,292)	<b>5,209</b>	(5,626)	<b>5,460</b>	(4,300)
<b>Transactions with unitholders</b>						
Applications	<b>3,424</b>	4,719	<b>10,772</b>	15,972	<b>6,092</b>	17,590
Redemptions	<b>(3,611)</b>	(9,098)	<b>(18,634)</b>	(25,194)	<b>(9,843)</b>	(14,717)
Units issued upon reinvestment of distributions	<b>502</b>	331	<b>786</b>	909	<b>237</b>	306
Distributions paid and payable	<b>(1,092)</b>	(1,856)	<b>(2,350)</b>	(3,308)	<b>(2,122)</b>	(3,023)
<b>Total transactions with unitholders</b>	<b>(777)</b>	(5,904)	<b>(9,426)</b>	(11,621)	<b>(5,636)</b>	156
<b>Balance at the end of the year</b>	<b>19,588</b>	18,049	<b>81,531</b>	85,748	<b>58,271</b>	58,447

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

## Statements of cash flows

Notes	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>						
Proceeds from sales of financial instruments at fair value through profit or loss	2,778	5,848	29,566	22,934	11,907	7,500
Payments for purchase of financial instruments at fair value through profit or loss	(2,397)	(1,765)	(21,992)	(14,695)	(8,628)	(10,575)
Interest received from financial assets at amortised cost	19	7	70	57	44	27
Interest received from financial assets at fair value through profit or loss	-	-	3	-	3	-
Distributions received	1,216	1,829	3,167	4,593	3,062	3,915
GST received	5	5	18	19	13	13
Interest expense paid	-	(11)	-	(63)	-	(34)
Other income received	79	105	301	383	230	276
Management costs paid	(157)	(193)	(607)	(722)	(442)	(499)
Transaction and operating costs paid	(2)	(1)	(7)	(1)	(5)	(1)
<b>Net cash inflows from operating activities</b>	15 (a) <b>1,541</b>	5,824	<b>10,519</b>	12,505	<b>6,184</b>	622
<b>Cash flows from financing activities</b>						
Proceeds from applications by unitholders	3,423	4,719	10,888	15,861	6,111	17,575
Payments for redemptions by unitholders	(3,373)	(9,265)	(19,339)	(24,590)	(9,802)	(14,530)
Distributions paid to unitholders	(1,303)	(1,515)	(2,418)	(4,116)	(2,660)	(3,882)
<b>Net cash outflows from financing activities</b>	<b>(1,253)</b>	(6,061)	<b>(10,869)</b>	(12,845)	<b>(6,351)</b>	(837)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>288</b>	(237)	<b>(350)</b>	(340)	<b>(167)</b>	(215)
Cash and cash equivalents at the beginning of the year	384	623	2,068	2,408	1,585	1,802
Effect of foreign currency exchange rate changes on cash and cash equivalents	3	(2)	-	-	2	(2)
<b>Cash and cash equivalents at the end of the year</b>	<b>675</b>	384	<b>1,718</b>	2,068	<b>1,420</b>	1,585
<b>Non-cash operating and financing activities</b>	15 (b) <b>533</b>	367	<b>1,186</b>	1,234	<b>391</b>	443

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

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## 1. General information

These financial statements covers the below funds (together the "Schemes"):

- AUFM Managed Fund No.1 (Pro-D High Growth Fund) was constituted on 18 September 2012.
- AUFM Managed Fund No.2 (Pro-D Balanced Fund) was constituted on 18 September 2012.
- AUFM Managed Fund No.3 (Pro-D Growth Fund) was constituted on 13 September 2012.

The Responsible Entity of the Schemes is Australian Unity Funds Management Limited (ABN 60 071 497 115) (the "Responsible Entity"), a wholly owned subsidiary of Australian Unity Limited (ABN 23 087 648 888). The Responsible Entity's registered office is Level 15, 271 Spring Street, Melbourne, VIC 3000.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are for the financial year 1 July 2022 to 30 June 2023.

The financial statements were authorised for issue by the directors of the Responsible Entity on 22 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. Where appropriate, comparatives have been reclassified to enhance comparability with current year disclosures.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The Schemes are for-profit entities for the purposes of preparing financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

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

The Schemes manage 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 balance date.

#### (i) Compliance with Australian Accounting Standards and International Financial Reporting Standards

The financial statements of the Schemes comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements are presented in the local currency being Australian dollars.

#### (ii) New accounting standards and amendments adopted by the Schemes

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 prior periods or will affect the current or future periods.

#### (iii) New accounting standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2023 reporting period and have not yet been applied in the financial statements. None of these are expected to have a material effect on the financial statements of the Schemes.

### (b) Financial instruments

#### (i) Classification

##### Financial Assets

The Schemes classify their investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Schemes' portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Schemes' documented investment strategy. The Schemes use fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Schemes' policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities, unlisted managed investment schemes and derivatives are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and 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.

## 2. Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (i) Classification (continued)

##### *Financial Liabilities*

Derivative contracts that have a negative fair value are presented as financial 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. This category includes short term payables.

#### (ii) Recognition/derecognition

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

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Schemes retain the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Schemes have transferred their rights to receive cash flows from the asset and either:
  - (a) have transferred substantially all the risks and rewards of the asset; or
  - (b) have neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gains or losses arising from derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statements of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

#### (iii) Measurement

At initial recognition, the Schemes measure their investments, which are classified as financial assets and liabilities at fair value through profit or loss, at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statements of comprehensive income in the period in which they arise.

##### *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the year without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

A financial instrument is regarded as quoted in 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.

The Schemes' financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equities to listed unit trusts, where applicable.

##### *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, 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 the 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.

There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Schemes recognise the difference in the statements of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such trusts.

The Schemes' financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments, ranging from investments in unlisted unit trusts, unlisted equity and/or debt securities to over the counter derivatives, where applicable.

## 2. Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when and only when, there is currently 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 year, there are no financial assets or liabilities offset or with the right to offset in the statements of financial position.

### (c) Net assets attributable to unitholders

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

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

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Schemes. This amount represents the expected cash flows on redemption of these units.

The Schemes classifies the net assets attributable to unitholders 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 schemes' 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 unfavorable to the schemes, and it is not a contract settled in the schemes 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

### (d) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts, if any, are shown within borrowings in the statements of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Schemes main income generating activity.

### (e) Investment Income

Interest income and interest expenses are recognised in the statements of comprehensive income for all financial instruments on an accruals basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

Trust distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the year and the fair value at the previous valuation point. Net gains/(losses) do not include interest, dividend or distribution income.

### (f) Expenses

All expenses, including management costs, are recognised in the statements of comprehensive income on an accrual basis.

### (g) Income tax

Under the current legislation, Schemes that have elected into the AMIT tax regime are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

The Schemes currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded net of withholding taxes in the statements of comprehensive income.

## 2. Summary of significant accounting policies (continued)

### (h) Distributions

Distributions are payable as set out in the Schemes' PDSs. Such distributions are determined by the Responsible Entity of the Schemes.

### (i) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the Schemes' 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 Schemes compete for funds and is regulated. The Australian dollar is also the Schemes' presentation currency.

#### (ii) *Transactions and balances*

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

The Schemes do not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

### (j) Receivables

Receivables are recognized for amounts where settlement has not yet occurred. Receivables are measured at amortized cost and are generally received within 30 days of being recognized as receivables. Given the short-term nature of most receivables, their carrying amounts approximate their fair values.

#### *Impairment*

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss. Given the limited exposure of the Schemes to credit risk, no material ECL has been recognised. The Schemes only hold receivables with no financing component and that have maturities of less than 12 months.

### (k) Payables

Payables include liabilities and accrued expenses owing by the Schemes which are unpaid as at the end of the year.

Trades are recorded on trade date and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each year are included in payables.

The distribution amount payable to unitholders at the end of each year is recognised separately in the statements of financial position when unitholders are presently entitled to the distributable income under the Schemes' Constitutions.

### (l) Applications and redemptions

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

Unit redemption prices are determined in accordance with the Schemes' Constitutions by reference to the net assets of the Schemes divided by the number of units on issue.

### (m) Goods and services tax (GST)

Expenses of various services provided to the Schemes by third parties such as custodial services and investment management fees etc. are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the related expense or cost item. The Schemes qualify for Reduced Input Tax Credits (RITC) at a rate of 55%.

Accounts payable and receivable are stated inclusive of the GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statements of financial position.

Cash flows relating to GST are included in the statements of cash flows on a gross basis.

## 2. Summary of significant accounting policies (continued)

### (n) Use of judgement and estimates

The preparation of the Schemes' financial statements requires them to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Schemes' financial instruments are valued primarily based on the prices provided by independent pricing services.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Schemes. The Schemes consider observable data to be market data that is readily available, regularly distributed or dated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

In addition, 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.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### (o) Structured entities

The Schemes have assessed whether the funds in which they invest should be classified as structured entities. The Schemes have considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Schemes have also considered whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. The Schemes have concluded that the funds in which they invest in are not structured entities.

### (p) Rounding of amounts

The Schemes are of a kind referred to in ASIC *Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, where indicated.



### 3. Interest income

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Fixed interest securities	–	–	10	–	3	–
Cash and deposits	21	–	70	–	48	–
<b>Total interest income</b>	<b>21</b>	<b>–</b>	<b>80</b>	<b>–</b>	<b>51</b>	<b>–</b>

### 4. Distribution income

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Listed unit trusts	86	79	180	180	173	156
Unlisted managed investment schemes	645	1,236	2,241	3,454	1,822	3,107
<b>Total distribution income</b>	<b>731</b>	<b>1,315</b>	<b>2,421</b>	<b>3,634</b>	<b>1,995</b>	<b>3,263</b>

### 5. Auditor's remuneration

The auditor's remuneration is paid directly by the Responsible Entity.

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

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>Audit services – PwC</b>						
Audit and review of financial statements	13,000	12,000	16,200	15,000	16,200	15,000
Audit of compliance plan	4,917	4,630	4,917	4,630	4,917	4,630
<b>Total auditor's remuneration</b>	<b>17,917</b>	<b>16,630</b>	<b>21,117</b>	<b>19,630</b>	<b>21,117</b>	<b>19,630</b>

## 6. Net assets attributable to unitholders

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual share in the Schemes and does not extend to a right in the underlying assets of the Schemes. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Schemes.

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

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)				AUFM Managed Fund No.2 (Pro-D Balanced Fund)			
	2023 No. '000	2022 No. '000	2023 \$'000	2022 \$'000	2023 No. '000	2022 No. '000	2023 \$'000	2022 \$'000
Opening balance	16,974	20,145	18,049	25,245	80,381	87,637	85,748	102,995
Applications	3,045	3,712	3,424	4,719	9,818	13,501	10,772	15,972
Redemptions	(3,189)	(7,145)	(3,611)	(9,098)	(16,907)	(21,525)	(18,634)	(25,194)
Units issued upon reinvestment of distributions	470	262	502	331	733	768	786	909
Distributions to unitholders			(1,092)	(1,856)			(2,350)	(3,308)
Profit/(loss) for the year			2,316	(1,292)			5,209	(5,626)
<b>Closing Balance</b>	<b>17,300</b>	<b>16,974</b>	<b>19,588</b>	<b>18,049</b>	<b>74,025</b>	<b>80,381</b>	<b>81,531</b>	<b>85,748</b>

	AUFM Managed Fund No.3 (Pro-D Growth Fund)			
	2023 No. '000	2022 No. '000	2023 \$'000	2022 \$'000
Opening balance	52,906	50,492	58,447	62,591
Applications	5,266	14,010	6,092	17,590
Redemptions	(8,490)	(11,841)	(9,843)	(14,717)
Units issued upon reinvestment of distributions	213	245	237	306
Distributions to unitholders			(2,122)	(3,023)
Profit/(loss) for the year			5,460	(4,300)
<b>Closing Balance</b>	<b>49,895</b>	<b>52,906</b>	<b>58,271</b>	<b>58,447</b>

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

### Capital risk management

The Schemes consider their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

Daily applications and redemptions are reviewed relative to the liquidity of the Schemes' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Schemes' Constitutions, 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 unitholders.

## 7. Distributions to unitholders

The distributions for the year were as follows:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)				AUFM Managed Fund No.2 (Pro-D Balanced Fund)				AUFM Managed Fund No.3 (Pro-D Growth Fund)			
	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU
Distributions paid												
– 31 December	154	0.8500	205	1.1000	792	1.0000	896	1.0500	461	0.9000	587	1.1000
Distribution payable												
– 30 June	938	5.4206	1,651	9.7246	1,558	2.1052	2,412	3.0001	1,661	3.3286	2,436	4.6047
<b>Total distributions</b>	<b>1,092</b>		<b>1,856</b>		<b>2,350</b>		<b>3,308</b>		<b>2,122</b>		<b>3,023</b>	

## 8. Cash and cash equivalents

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank	51	25	79	25	82	25
Cash management trusts	624	377	1,639	2,084	1,338	1,601
Deposits held with brokers	–	(18)	–	(41)	–	(41)
<b>Total cash and cash equivalents</b>	<b>675</b>	<b>384</b>	<b>1,718</b>	<b>2,068</b>	<b>1,420</b>	<b>1,585</b>

## 9. Financial assets at fair value through profit or loss

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives	–	71	–	166	–	166
Fixed interest bonds	–	–	4,313	–	1,438	–
Listed unit trusts	3,551	2,922	8,760	7,436	8,621	7,370
Unlisted managed investment schemes	16,144	15,315	67,834	77,479	47,794	49,828
<b>Total financial assets at fair value through profit or loss</b>	<b>19,695</b>	<b>18,308</b>	<b>80,907</b>	<b>85,081</b>	<b>57,853</b>	<b>57,364</b>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 11.

## 10. Derivative financial instruments

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

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

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Schemes' portfolio management.

Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

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

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Schemes.

The Schemes hold the following derivative instruments:

### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

The Schemes' derivative financial instruments at year end are detailed below (2023: Nil):

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)			AUFM Managed Fund No.2 (Pro-D Balanced Fund)			AUFM Managed Fund No.3 (Pro-D Growth Fund)		
	2022			2022			2022		
	Notional \$'000	Assets \$'000	Liabilities \$'000	Notional \$'000	Assets \$'000	Liabilities \$'000	Notional \$'000	Assets \$'000	Liabilities \$'000
Futures	(826)	71	–	(1,929)	166	–	(1,929)	166	–
		71	–		166	–		166	–

## 11. Financial risk management

### (a) Objectives, strategies, policies and processes

The Schemes' activities may expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Schemes' overall risk management program focuses on ensuring compliance with the Schemes' disclosure documents and seeks to maximise the returns derived for the level of risk to which the Schemes are exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Schemes use different methods to measure different types of risk to which they are exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

As part of their risk management strategy, the Schemes may use derivatives and other investments, including bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks and exposures arising from forecast transactions.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Schemes' direct investments and not on a look through basis for investments held in the Schemes.

The sensitivity of the Schemes' net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Schemes' investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Schemes invest. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

The overall market exposures at year end were as follows:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives assets	–	71	–	166	–	166
Securities at fair value through profit or loss	<b>19,695</b>	18,237	<b>80,907</b>	84,915	<b>57,853</b>	57,198

#### (i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Schemes' investment portfolio. The investments are classified on the statements of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

## 11. Financial risk management (continued)

### (b) Market risk (continued)

#### (i) Price risk (continued)

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Schemes' overall market positions are monitored on a regular basis by the Schemes' Investment Manager. This information and the compliance with the Schemes' disclosure documents are reported to the relevant parties on a regular basis as deemed appropriate such as key management personnel, compliance committees and ultimately the Board.

If the managed investment Schemes' prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Impact on net assets attributable to unitholders</b>						
Securities prices 2023: +14.0% (2022: +13.3%)	<b>2,757</b>	2,435	<b>10,723</b>	11,316	<b>7,898</b>	7,629
Securities prices 2023: -14.0% (2022: -13.3%)	<b>(2,757)</b>	(2,435)	<b>(10,723)</b>	(11,316)	<b>(7,898)</b>	(7,629)

#### (ii) Foreign exchange risk

The Schemes have exposure to foreign assets 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.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' foreign exchange exposure on all foreign currency denominated assets and liabilities on a daily basis. Currency positions are reconciled daily and discrepancies are immediately resolved.

The Schemes are exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of the Australian dollar and foreign currencies can affect the returns from overseas investments. This is because gains or losses must be converted back to Australian dollars.

Accordingly, these Schemes are affected directly by currency fluctuations. The foreign exchange risk disclosures have been prepared on the basis of the Schemes' direct investments and not on a lookthrough basis to investments held via interposed investment funds. In addition, any currency hedging to minimise the impact of foreign exchange risk has not been incorporated into the disclosures unless the derivatives are held directly in these Schemes.

## 11. Financial risk management (continued)

### (b) Market risk (continued)

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

The table below summarises the Schemes' assets and liabilities which are denominated in non-Australian currencies:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 USD A\$'000	2022 USD A\$'000	2023 USD A\$'000	2022 USD A\$'000	2023 USD A\$'000	2022 USD A\$'000
<b>Assets</b>						
Cash and cash equivalents	-	-	-	12	-	-
Financial assets at fair value through profit or loss						
Futures	-	71	-	166	-	166
<b>Total assets</b>	-	71	-	178	-	166
<b>Liabilities</b>						
Cash and cash equivalents	-	-	-	-	-	34
<b>Total liabilities</b>	-	-	-	-	-	34
<b>Net assets attributable to unitholders</b>	-	71	-	178	-	132

As at 30 June 2023, the Schemes do not have exposure to USD hence Nil.

Had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Schemes are exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

Scheme name		2023 %	2022 %	AUD Weakened	AUD Strengthened
				2022 \$'000	2022 \$'000
AUFM Managed Fund No.1 (Pro-D High Growth Fund)	AUD/USD	10.2	10.1	7	(7)
AUFM Managed Fund No.2 (Pro-D Balanced Fund)	AUD/USD	10.2	10.1	18	(18)
AUFM Managed Fund No.3 (Pro-D Growth Fund)	AUD/USD	10.2	10.1	13	(13)

The possible impact against other currencies is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for 2023 and 2022.

#### (iii) Interest rate risk

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

## 11. Financial risk management (continued)

### (b) Market risk (continued)

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

The Schemes' interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Schemes have established limits on investments in interest bearing assets, which are monitored on a daily basis. The Schemes may use derivatives to hedge against unexpected increases in interest rates and/or multiple rollover dates for debt instruments to manage repricing risk. The interest rate risk is measured using sensitivity analysis.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' overall interest sensitivity on a regular basis. This information and the compliance with the Schemes' policy are reported to the relevant parties on a regular basis as deemed appropriate such as key management personnel, compliance committees and ultimately the Board.

The Schemes have direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain entities in which the Schemes invest and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Schemes' net assets attributable to unitholders of future movements in interest rates.

The table below summarises the Schemes' exposure to interest rate risks. It includes the Schemes' assets and liabilities at fair values, categorised by the maturity dates:

AUFM Managed Fund No.1 (Pro-D High Growth Fund)														
2023								2022						
Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000		Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000
<b>Assets</b>														
Cash and cash equivalents	675	-	-	-	-	675		384	-	-	-	-	-	384
Receivables	-	-	-	-	-	407	407	-	-	-	-	-	1,021	1,021
Financial assets at fair value through profit or loss														
Futures	-	-	-	-	-	-	-	-	-	-	-	-	71	71
Listed unit trusts	-	-	-	-	-	3,551	3,551	-	-	-	-	-	2,922	2,922
Unlisted managed investment schemes	-	-	-	-	-	16,144	16,144	-	-	-	-	-	15,315	15,315
<b>Total assets</b>	<b>675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,102</b>	<b>20,777</b>	<b>384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,329</b>	<b>19,713</b>
<b>Liabilities</b>														
Distributions payable	-	-	-	-	-	938	938	-	-	-	-	-	1,651	1,651
Payables	-	-	-	-	-	251	251	-	-	-	-	-	13	13
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,189</b>	<b>1,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,664</b>	<b>1,664</b>
<b>Net assets attributable to unitholders</b>	<b>675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,913</b>	<b>19,588</b>	<b>384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,665</b>	<b>18,049</b>



## 11. Financial risk management (continued)

### (b) Market risk (continued)

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

AUFM Managed Fund No.2 (Pro-D Balanced Fund)														
2023							2022							
Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	
<b>Assets</b>														
Cash and cash equivalents	1,718	-	-	-	-	-	1,718	2,068	-	-	-	-	-	2,068
Receivables	-	-	-	-	-	924	924	-	-	-	-	-	2,182	2,182
Financial assets at fair value through profit or loss														
Fixed interest bonds	-	-	-	4,313	-	-	4,313	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-	-	-	-	-	166	166
Listed unit trusts	-	-	-	-	-	8,760	8,760	-	-	-	-	-	7,436	7,436
Unlisted managed investment schemes	-	-	-	-	-	67,834	67,834	-	-	-	-	-	77,479	77,479
<b>Total assets</b>	<b>1,718</b>	<b>-</b>	<b>-</b>	<b>4,313</b>	<b>-</b>	<b>77,518</b>	<b>83,549</b>	<b>2,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,263</b>	<b>89,331</b>
<b>Liabilities</b>														
Distributions payable	-	-	-	-	-	1,558	1,558	-	-	-	-	-	2,412	2,412
Payables	-	-	-	-	-	460	460	-	-	-	-	-	1,171	1,171
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,018</b>	<b>2,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,583</b>	<b>3,583</b>
<b>Net assets attributable to unitholders</b>	<b>1,718</b>	<b>-</b>	<b>-</b>	<b>4,313</b>	<b>-</b>	<b>75,500</b>	<b>81,531</b>	<b>2,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,680</b>	<b>85,748</b>

## 11. Financial risk management (continued)

### (b) Market risk (continued)

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

AUFM Managed Fund No.3 (Pro-D Growth Fund)														
2023							2022							
Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	
<b>Assets</b>														
Cash and cash equivalents	1,420	-	-	-	-	-	1,420	1,585	-	-	-	-	-	1,585
Receivables	-	-	-	-	-	993	993	-	-	-	-	-	2,230	2,230
Financial assets at fair value through profit or loss														
Fixed interest bonds	-	-	-	1,438	-	-	1,438	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-	-	-	-	-	166	166
Listed unit trusts	-	-	-	-	-	8,621	8,621	-	-	-	-	-	7,370	7,370
Unlisted managed investment schemes	-	-	-	-	-	47,794	47,794	-	-	-	-	-	49,828	49,828
<b>Total assets</b>	<b>1,420</b>	<b>-</b>	<b>-</b>	<b>1,438</b>	<b>-</b>	<b>57,408</b>	<b>60,266</b>	<b>1,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,594</b>	<b>61,179</b>
<b>Liabilities</b>														
Distributions payable	-	-	-	-	-	1,661	1,661	-	-	-	-	-	2,436	2,436
Payables	-	-	-	-	-	334	334	-	-	-	-	-	296	296
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,995</b>	<b>1,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,732</b>	<b>2,732</b>
<b>Net assets attributable to unitholders</b>	<b>1,420</b>	<b>-</b>	<b>-</b>	<b>1,438</b>	<b>-</b>	<b>55,413</b>	<b>58,271</b>	<b>1,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,862</b>	<b>58,447</b>

Should interest rates have increased/(decreased) by the basis points indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Impact on net assets attributable to unitholders</b>						
Interest rates: +0.7% (2022: +0.6%)	-	-	(94)	-	(48)	-
Interest rates: +0.7% (2022: +0.6%)	-	-	94	-	48	-

## 11. Financial risk management (continued)

### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from cash and cash equivalents and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Schemes, other than derivatives, the Schemes' exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statements of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the end of the year.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

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 purchase of the securities has been received by the broker. The trade will fail if either party fails to meet its obligations.

The Schemes hold no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

Counterparty credit limits and the list of authorised brokers are reviewed by the relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' credit position on a regular basis. This information and the compliance with the Schemes' policy are reported to the relevant parties on a regular basis as deemed appropriate such as key management personnel, compliance committees and ultimately the Board.

#### *Credit quality per class of instrument*

The credit quality of financial assets is managed by the Schemes using Standard & Poor's rating categories, in accordance with the investment mandate of the Schemes. The Schemes' exposure in each grade is monitored on a daily basis. This review process allows the Responsible Entity to assess the potential loss as a result of risks and take corrective action.

The table below shows the credit quality by class of assets:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Australian debt securities rating</b>						
AAA	–	–	2,916	–	972	–
AA+	–	–	1,397	–	466	–
<b>Total</b>	–	–	4,313	–	1,438	–

## 11. Financial risk management (continued)

### (d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by the Investment Manager to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Concentrations of risk are managed by industry sector for equity instruments and by counterparty for debt instruments and selected derivatives.

The Schemes have disclosed the most significant counterparties by concentration of risk. "Other" represents multiple counterparties by concentration of risk which individually are of lesser significance.

Based on the concentrations of risk that are managed by industry sector and/or counterparty, the following investments can be analysed by the industry sector and/or counterparty as at 30 June 2023 and 30 June 2022:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2023 \$'000
Unlisted managed investment schemes – fixed interest	412	413	35,150	42,184	12,151	13,789
Unlisted managed investment schemes – equity	13,907	12,728	24,854	25,403	30,106	29,425
Unlisted managed investment schemes – property	1,825	2,174	7,830	9,892	5,537	6,614
Listed managed investment schemes – other	3,551	2,922	8,760	7,436	8,621	7,370
Futures	–	71	–	166	–	166
Government Bonds	–	–	4,313	–	1,438	–
<b>Total</b>	<b>19,695</b>	<b>18,308</b>	<b>80,907</b>	<b>85,081</b>	<b>57,853</b>	<b>57,364</b>

### (e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Schemes' investment in financial instruments which under normal market conditions are readily convertible to cash. In addition, the Schemes maintain sufficient cash and cash equivalents to meet normal operating requirements.

The Schemes may be exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. It therefore primarily holds investments that are traded in active markets and can be readily disposed of.

The Schemes' investments may include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Schemes may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Schemes may not be able to liquidate quickly their investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. No such investments were held at the end of the year (2022: Nil).

The Schemes' policy is to hold a significant proportion of its investments in liquid assets.

Under the terms of their Constitutions, the Schemes have the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Units are redeemed on demand at the unitholders option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' liquidity position on a regular basis. This information and the compliance with the Schemes' policy are reported to the relevant parties on a regular basis as deemed appropriate such as key management personnel, compliance committees and ultimately the Board.

## 11. Financial risk management (continued)

### (e) Liquidity risk (continued)

#### Maturity analysis for financial liabilities

The table below summarises the maturity profile of the Schemes' financial liabilities, redeemable units and derivative financial instruments on the remaining period at the end of the year to the contractual maturity date.

The Schemes' non-derivative financial liabilities in the table are the contractual undiscounted cash flows and the Schemes' derivative financial instruments in the table are net fair values, based on the amounts at which an orderly settlement of the transactions would take place between market participants at the reporting date.

AUFM Managed Fund No.1 (Pro-D High Growth Fund)								
2023					2022			
Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	
<b>Financial liabilities:</b>								
Distributions payable	938	-	-	-	1,651	-	-	-
Payable	251	-	-	-	13	-	-	-
<b>Total financial liabilities</b>	<b>1,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,664</b>	<b>-</b>	<b>-</b>	<b>-</b>
AUFM Managed Fund No.2 (Pro-D Balanced Fund)								
2023					2022			
Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	
<b>Financial liabilities:</b>								
Distributions payable	1,558	-	-	-	2,412	-	-	-
Payable	460	-	-	-	1,171	-	-	-
<b>Total financial liabilities</b>	<b>2,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,583</b>	<b>-</b>	<b>-</b>	<b>-</b>
AUFM Managed Fund No.3 (Pro-D Growth Fund)								
2023					2022			
Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	
<b>Financial liabilities:</b>								
Distributions payable	1,661	-	-	-	2,436	-	-	-
Payable	334	-	-	-	296	-	-	-
<b>Total financial liabilities</b>	<b>1,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,732</b>	<b>-</b>	<b>-</b>	<b>-</b>

As disclosed above, the Investment Manager manages the Schemes' liquidity risk by investing predominantly in liquid assets that it expects to be able to liquidate within seven days or less. Liquid assets include cash and cash equivalents and listed unit trusts. As at the year end, these assets amounted to:

Scheme Name	2023 \$	2022 \$
AUFM Managed Fund No.1 (Pro-D High Growth Fund)	4,225,088	3,305,881
AUFM Managed Fund No.2 (Pro-D Balanced Fund)	10,478,124	9,505,067
AUFM Managed Fund No.3 (Pro-D Growth Fund)	10,041,263	8,954,324

Investment in the Australian Unity Wholesale Cash Fund is included in the liquid assets of the Schemes above.

## 11. Financial risk management (continued)

### (f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Schemes' financial assets and financial liabilities at the end of the year approximated their fair values.

The Schemes value its investments in accordance with the accounting policies set out in Note 2.

For the years ended 30 June 2023 and 30 June 2022, the Schemes did not include financial assets that were determined using valuation techniques. The fair values of the Schemes' financial assets for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services.

### (g) Fair value hierarchy

The Schemes are required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **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 and liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liabilities that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

AUFM Managed Fund No.1 (Pro-D High Growth Fund)							
2023				2022			
Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>							
Futures	-	-	-	71	-	-	71
Listed unit trusts	3,551	-	3,551	2,922	-	-	2,922
Unlisted managed investment schemes	-	16,144	16,144	-	15,315	-	15,315
<b>Total financial assets</b>	<b>3,551</b>	<b>16,144</b>	<b>19,695</b>	<b>2,993</b>	<b>15,315</b>	<b>-</b>	<b>18,308</b>

AUFM Managed Fund No.2 (Pro-D Balanced Fund)							
2023				2022			
Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>							
Futures	-	-	-	166	-	-	166
Listed unit trusts	8,760	-	8,760	7,436	-	-	7,436
Unlisted managed investment schemes	-	67,834	67,834	-	77,479	-	77,479
Fixed interest bonds	-	4,313	4,313	-	-	-	-
<b>Total financial assets</b>	<b>8,760</b>	<b>72,147</b>	<b>80,907</b>	<b>7,602</b>	<b>77,479</b>	<b>-</b>	<b>85,081</b>

## 11. Financial risk management (continued)

### (g) Fair value hierarchy (continued)

AUFM Managed Fund No.3 (Pro-D Growth Fund)								
2023				2022				
Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
<b>Financial assets</b>								
Futures	-	-	-	166	-	-	166	
Listed unit trusts	8,621	-	8,621	7,370	-	-	7,370	
Unlisted managed investment schemes	-	47,794	47,794	-	49,828	-	49,828	
Fixed interest bonds	-	1,438	1,438	-	-	-	-	
<b>Total financial assets</b>	<b>8,621</b>	<b>49,232</b>	<b>57,853</b>	<b>7,536</b>	<b>49,828</b>	<b>-</b>	<b>57,364</b>	

The pricing for the majority of the Schemes' investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, e.g. recognised stock exchanges and therefore classified within level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include investment grade corporate bonds and over the counter derivatives.

The Schemes' policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year. There were no transfers between levels 1, 2 and 3 of the fair value hierarchy during the year (30 June 2022: Nil).

## 12. Receivables

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Distributions receivable	397	913	843	1,989	965	2,186
Interest receivable	2	-	7	-	4	-
GST receivable	1	1	5	5	3	3
Applications receivable	1	-	47	163	3	22
Outstanding settlements receivable	-	100	-	-	-	-
Other receivables	6	7	22	25	18	19
<b>Total receivables</b>	<b>407</b>	<b>1,021</b>	<b>924</b>	<b>2,182</b>	<b>993</b>	<b>2,230</b>

## 13. Payables

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Management costs payable	13	13	48	54	35	38
Redemptions payable	238	-	412	1,117	299	258
<b>Total payables</b>	<b>251</b>	<b>13</b>	<b>460</b>	<b>1,171</b>	<b>334</b>	<b>296</b>

## 14. Related party transactions

### Responsible Entity

The Responsible Entity of AUFM Managed Fund No.1 is Australian Unity Funds Management Limited (ABN 60 071 497 115) whose immediate and ultimate Parent Entity is Australian Unity Limited (ABN 23 087 648 888)

### Key management personnel

#### (a) Directors

Key management personnel include persons who were directors of Australian Unity Funds Management Limited at any time during the year as follows:

<b>Rohan Mead</b>	Chairman and Group Managing Director
<b>Esther Kerr-Smith</b>	Chief Executive Officer, Wealth and Capital Markets
<b>Darren Mann</b>	Group Executive Finance & Strategy and Chief Financial Officer

#### (b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Schemes, directly or indirectly during the year.

### Other transactions within the Schemes

From time to time directors of Australian Unity Funds Management Limited, or their director related entities, may invest in or withdraw from the Schemes. These investments or withdrawals are on the same terms and conditions as those entered into by other Schemes investors and are considered to be immaterial in nature.

### Management costs and other transactions

Management costs include management fees and other expenses or reimbursements deducted in relation to the Schemes, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Schemes.

Administration expenses incurred in the day to day running of the Schemes are reimbursed in accordance with the Schemes' Constitutions.

The transactions during the year and amounts payable at year end between the Schemes and the Responsible Entity were as follows:

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Management costs for the year paid by the Schemes to the Responsible Entity	<b>152,142</b>	183,203	<b>582,990</b>	692,988	<b>425,509</b>	482,129
Management costs paid to the Responsible Entity in respect of investments by the Schemes in other schemes managed by the Responsible Entity	<b>78,255</b>	103,496	<b>298,236</b>	373,962	<b>228,845</b>	286,745
Management costs payable to the Responsible Entity at the end of the year	<b>12,924</b>	13,320	<b>47,945</b>	53,654	<b>34,867</b>	38,351



## 14. Related party transactions (continued)

### Related party schemes' unitholding

Parties related to the Schemes (including Australian Unity Funds Management Limited, its related parties and other schemes managed by Australian Unity Funds Management Limited) held units in the Schemes as follows:

AUFM Managed Fund No.1 (Pro-D High Growth Fund)							
No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$	
<b>2023</b>							
<b>Unitholder</b>							
Lifeplan Australian Friendly Society	846,942	1,142,750	1,356,901	6.61	361,008	(65,200)	70,611
	846,942	1,142,750	1,356,901	6.61	361,008	(65,200)	70,611
No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$	
<b>2022</b>							
<b>Unitholder</b>							
Lifeplan Australian Friendly Society	353,140	846,942	983,724	4.99	728,451	(234,649)	86,976
	353,140	846,942	983,724	4.99	728,451	(234,649)	86,976
AUFM Managed Fund No.2 (Pro-D Balanced Fund)							
No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$	
<b>2023</b>							
<b>Unitholders</b>							
AUI Funeral Plan Bond Fund	15,462,971	21,965,739	24,691,687	29.67	6,866,468	(363,700)	652,122
Lifeplan Australian Friendly Society	1,053,151	1,130,262	1,270,528	1.53	99,429	(22,318)	34,903
	16,516,122	23,096,001	25,962,215	31.20	6,965,897	(386,018)	687,025
No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$	
<b>2022</b>							
<b>Unitholders</b>							
AUI Funeral Plan Bond Fund	12,169,379	15,462,971	16,959,787	19.24	4,071,851	(778,259)	608,014
Lifeplan Australian Friendly Society	780,693	1,053,151	1,155,096	1.31	535,386	(262,928)	40,642
	12,950,072	16,516,122	18,114,883	20.55	4,607,237	(1,041,187)	648,656

2. Fair value of investment includes accrued distribution at the end of the year

## 14. Related party transactions (continued)

### Related party schemes' unitholding (continued)

		AUFM Managed Fund No.3 (Pro-D Growth Fund)						
		No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
<b>2023</b>								
<b>Unitholder</b>								
Lifeplan Australian Friendly Society		1,536,419	1,801,086	2,165,986	3.61	389,575	(124,908)	75,454
		1,536,419	1,801,086	2,165,986	3.61	389,575	(124,908)	75,454
		No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
<b>2022</b>								
<b>Unitholder</b>								
Lifeplan Australian Friendly Society		1,081,537	1,536,419	1,768,572	2.90	569,349	(114,467)	85,022
		1,081,537	1,536,419	1,768,572	2.90	569,349	(114,467)	85,022

2. Fair value of investment includes accrued distribution at the end of the year

## 14. Related party transactions (continued)

### Investments

The Schemes held investments in the following schemes which are also managed by Australian Unity Funds Management Limited or its related parties.

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)						
	No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
<b>2023</b>							
Platypus Australian Equities Fund	581,806	320,544	459,082	0.20	–	(261,262)	24,498
Australian Unity Property Income Fund	658,167	549,020	497,303	0.17	–	(109,147)	31,092
Australian Unity Wholesale Cash Fund	377,136	623,674	625,340	0.20	5,860,036	(5,613,498)	19,612
Australian Unity Healthcare Property Trust	385,022	248,858	682,146	0.03	23,836	(160,000)	28,090
	<b>2,002,131</b>	<b>1,742,096</b>	<b>2,263,871</b>		<b>5,883,872</b>	<b>(6,143,907)</b>	<b>103,292</b>
	No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
<b>2022</b>							
Platypus Australian Equities Fund	1,048,950	581,806	744,421	0.30	112,969	(580,113)	46,801
Australian Unity Property Income Fund	859,633	658,167	610,384	0.17	122,720	(324,186)	37,253
Australian Unity Wholesale Cash Fund	487,319	377,136	377,136	0.08	10,139,997	(10,250,180)	296
Australian Unity Healthcare Property Trust	350,980	385,022	1,027,566	0.05	34,042	–	37,082
	<b>2,746,882</b>	<b>2,002,131</b>	<b>2,759,507</b>		<b>10,409,728</b>	<b>(11,154,479)</b>	<b>121,432</b>

2. Fair value of investment includes accrued distribution at the end of the year

## 14. Related party transactions (continued)

### Investments (continued)

	AUFM Managed Fund No.2 (Pro-D Balanced Fund)						
	No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
<b>2023</b>							
Altius Sustainable Short Term Income Fund – Ordinary	10,157,003	4,627,442	4,610,320	0.94	4,809,514	(10,339,075)	240,754
Platypus Australian Equities Fund	1,241,296	496,404	710,950	0.30	–	(744,892)	39,463
Australian Unity Property Income Fund	3,130,067	2,379,290	2,155,161	0.74	–	(750,777)	147,559
Australian Unity Wholesale Cash Fund	2,084,337	1,639,360	1,639,360	0.53	29,445,118	(29,890,095)	67,239
Australian Unity Healthcare Property Trust	1,683,019	1,137,221	3,117,238	0.13	102,457	(648,255)	127,523
	<b>18,295,722</b>	<b>10,279,717</b>	<b>12,233,029</b>		<b>34,357,089</b>	<b>(42,373,094)</b>	<b>622,539</b>
	No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
<b>2022</b>							
Altius Sustainable Short Term Income Fund – Ordinary	18,118,078	10,157,003	10,048,323	2.21	4,128,470	(12,089,545)	192,678
Platypus Australian Equities Fund	1,974,137	1,241,296	1,588,238	0.65	–	(732,841)	100,111
Australian Unity Property Income Fund	3,519,435	3,130,067	2,941,950	0.82	376,936	(766,304)	173,763
Australian Unity Wholesale Cash Fund	2,066,473	2,084,337	2,084,337	0.42	30,985,312	(30,967,448)	1,385
Australian Unity Healthcare Property Trust	1,537,672	1,683,019	4,534,052	0.22	145,347	–	162,094
	<b>27,215,795</b>	<b>18,295,722</b>	<b>21,196,900</b>		<b>35,636,065</b>	<b>(44,556,138)</b>	<b>630,031</b>

2. Fair value of investment includes accrued distribution at the end of the year

## 14. Related party transactions (continued)

### Investments (continued)

	AUFM Managed Fund No.3 (Pro-D Growth Fund)						
	No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
<b>2023</b>							
Platypus Australian Equities Fund	1,811,614	1,616,622	2,315,327	0.99	–	(194,992)	108,837
Australian Unity Property Income Fund	2,168,142	1,628,802	1,475,368	0.50	–	(539,340)	95,822
Australian Unity Wholesale Cash Fund	1,600,774	1,337,923	1,337,923	0.44	16,635,319	(16,898,170)	45,165
Altius Sustainable Short Term Income Fund – Ordinary (formerly Australian Unity Sustainable Short Term Income Fund)	2,749,412	1,729,273	1,722,875	0.35	1,681,261	(2,701,400)	61,843
Australian Unity Healthcare Wholesale Property Trust	1,026,405	784,309	2,149,870	0.09	67,904	(310,000)	83,994
	<b>9,356,347</b>	<b>7,096,929</b>	<b>9,001,363</b>		<b>18,384,484</b>	<b>(20,643,902)</b>	<b>395,661</b>
	No. of units held opening	No. of units held closing	Fair value of investment \$ <sup>2</sup>	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
<b>2022</b>							
Platypus Australian Equities Fund	1,982,700	1,811,614	2,317,960	0.95	–	(171,086)	144,759
Australian Unity Property Income Fund	2,174,236	2,168,142	2,037,837	0.57	255,314	(261,408)	116,296
Australian Unity Wholesale Cash Fund	1,547,134	1,600,774	1,600,774	0.32	20,854,601	(20,800,961)	814
Altius Sustainable Short Term Income Fund – Ordinary (formerly Australian Unity Sustainable Short Term Income Fund)	2,570,991	2,749,412	2,719,993	0.60	3,988,014	(3,809,593)	48,553
Australian Unity Healthcare Wholesale Property Trust	937,363	1,026,405	2,765,134	0.13	89,042	–	98,855
	<b>9,212,424</b>	<b>9,356,347</b>	<b>11,441,698</b>		<b>25,186,971</b>	<b>(25,043,048)</b>	<b>409,277</b>

2. Fair value of investment includes accrued distribution at the end of the year

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

	AUFM Managed Fund No.1 (Pro-D High Growth Fund)		AUFM Managed Fund No.2 (Pro-D Balanced Fund)		AUFM Managed Fund No.3 (Pro-D Growth Fund)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>						
Profit/(loss) for the year	2,316	(1,292)	5,209	(5,626)	5,460	(4,300)
Proceeds from sale of financial instruments at fair value through profit or loss	2,778	5,848	29,566	22,934	11,907	7,500
Payments for purchase of financial instruments at fair value through profit or loss	(2,397)	(1,765)	(21,992)	(14,695)	(8,628)	(10,575)
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,637)	2,513	(3,000)	8,877	(3,614)	7,331
Reinvested income	(31)	(36)	(400)	(325)	(154)	(137)
Net foreign exchange loss	(3)	2	–	–	(2)	2
Net change in receivables	515	559	1,142	1,350	1,218	805
Net change in payables	–	(5)	(6)	(10)	(3)	(4)
<b>Net cash inflows from operating activities</b>	<b>1,541</b>	<b>5,824</b>	<b>10,519</b>	<b>12,505</b>	<b>6,184</b>	<b>622</b>
<b>(b) Non-cash operating and financing activities</b>						
During the period, the following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	502	331	786	909	237	306
During the year, the following distribution receipts were satisfied by the issue of units under distribution reinvestment plan	31	36	400	325	154	137

## 16. Events occurring after end of year

The directors of the Responsible Entity are not aware of any matter or circumstance arising since the end of the year which would impact on the financial position of the Schemes disclosed in the statements of financial position as at 30 June 2023 or on the results and cash flows of the Schemes for the year ended on that date.

## 17. Contingent assets and liabilities and commitments

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

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 37 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Schemes' financial position as at 30 June 2023 and of their performance, as represented by the results of their operations and cash flows, for the year ended on that date.
- (b) There are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.
- (c) The financial statements are in accordance with the Schemes' Constitutions.
- (d) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



**Rohan Mead**  
Director



**Darren Mann**  
Director

22 September 2023



## Independent auditor's report

To the unitholders of:

- AUFM Managed Fund No. 1 (referred to as "Pro-D High Growth Fund")
- AUFM Managed Fund No. 2 (referred to as "Pro-D Balanced Fund")
- AUFM Managed Fund No. 3 (referred to as "Pro-D Growth Fund")

referred to collectively as Australian Unity Diversified Managed Investment Schemes.

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### Our opinion

In our opinion:

The accompanying financial report of Australian Unity Diversified Managed Investment Schemes (the "Schemes") is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Schemes' financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *What we have audited*

The financial report comprises:

- the statements of financial position as at 30 June 2023
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999

Liability limited by a scheme approved under Professional Standards Legislation.



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## Other information

The directors of Australian Unity Funds Management Limited (“the Responsible Entity”) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity of the Schemes are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Schemes 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 Schemes or to cease operations, or have no realistic alternative but to do so.

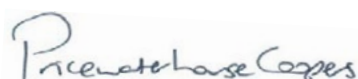
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## Auditor’s responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor’s report.



PricewaterhouseCoopers



George Sagonas  
Partner

Melbourne  
22 September 2023

