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

ARSN 160 421 063

Annual report
for the year ended 30 June 2026

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Directors' report

The directors of Australian Unity Funds Management Limited (ABN 60 071 497 115), the "Responsible Entity" of AUFM Managed Fund No.2 ("the Scheme"), present their report together with the financial statements of the Scheme for the year ended 30 June 2026, and the report of the auditor thereon.

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):

Adam Vise	Executive Director (appointed 29 August 2025)
Balaji Gopal	Executive Director (appointed 28 August 2026)
Darren Mann	Executive Director (resigned 12 January 2026)
Esther Kerr	Executive Director (resigned 29 August 2025)
Julien Playoust	Non-Executive Director (appointed 31 July 2026)
Matthew Ricker	Executive Director (appointed 12 January 2026, resigned 31 July 2026)
Paul Ryan	Executive Director (appointed 15 December 2025, retired 28 August 2026)
Rohan Mead	Executive Director (retired 15 December 2025)

Principal activities
Until its wind-up (refer to Scheme wind-up details below under Significant changes in state of affairs), the Scheme invests in accordance with the investment policy of the Scheme as set out in its Product Disclosure Statement (PDS) and in accordance with its Constitution.

Australian Unity Funds Management Limited (AUFM) in conjunction with specialist asset allocation consultant Delta Portfolios and Management Pty Ltd is responsible for determining the Scheme's asset class mix. AUFM is responsible for the selection and monitoring of the underlying investment managers.

The Scheme’s actual asset allocation will vary from time to time however the Scheme typically invests in cash, Australian and international fixed interest, Australian shares, international shares and real assets such as property and infrastructure.

Review and results of operations

For the years ended 30 June 2026 and 30 June 2025, the Scheme posted total returns as follows:

	2026			2025		
	Total Return	**Distribution Return**	**Growth Return**	Total Return	Distribution Return	Growth Return
	%	**%**	**%**	%	%	%
Wholesale class	**7.42**	**12.37**	**(4.95)**	9.46	11.16	(1.70)

Unit prices (ex distribution) as at 30 June 2026 (30 June 2025) are as follows:
Wholesale units $1.0835 ($1.1394)*

* The reported performance numbers and 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.

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

	2026	2025
	$'000	$'000
Profit for the year	**3,555**	7,736
Distributions		
Distributions paid	**4,273**	913
Distributions payable	**670**	7,866
Distributions paid and payable	**4,943**	8,779

Directors' report (continued)

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Scheme during the financial year.

Events occurring after end of the year
In August 2026, Australian Unity Funds Management Limited, as Responsible Entity of the Scheme, determined that the purpose of the Scheme could no longer be accomplished and approved the taking of steps for an orderly wind-up under section 601NC of the Corporations Act 2001 and the relevant provisions of the Scheme's Constitution.

Unless members of the Scheme call a meeting in September 2026 and resolve otherwise, the wind-up is expected to be completed during October 2026, subject to realisation of the Scheme's remaining assets, settlement of outstanding liabilities and distribution of the remaining net assets to unitholders.

As a result, the financial statements have been prepared on a basis other than going concern. This change in basis has not resulted in a material adjustment to the carrying amounts of the Scheme's assets and liabilities at 30 June 2026.

Likely developments and expected results of operations
The Scheme is proposed to be wound up during October 2026. Accordingly, no further developments or results of operations are expected beyond the completion of the wind-up process.

Indemnification and insurance of officers and auditors
No insurance premiums are paid for out of the assets of the Scheme in regard to insurance cover provided to either the officers of Australian Unity Funds Management Limited or the auditors of the Scheme. Provided that as the officers of Australian Unity Funds Management Limited act in accordance with the Scheme's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates
Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in Note 15 to the financial statements.

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

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the year are disclosed in Note 15 to the financial statements.

Units in the Scheme
The movement in units on issue in the Scheme during the year are disclosed in Note 7 to the financial statements.

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

Environmental regulation
The Scheme operations are not subject to any material environmental regulations under Australian law. There were no known reportable breaches of those regulations during the year.

Rounding of amounts
The Scheme is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183* 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.

Directors' report (continued)

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.

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

Adam Vise
Director

Julien Playoust
Director

17 September 2026

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Unity Funds Management Limited, the Responsible Entity for AUFM Managed Fund No.2

I declare that, to the best of my knowledge and belief, in relation to the audit of AUFM Managed Fund No.2 for the financial year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Chris Wooden
Partner
Melbourne
17 September 2026

Statement of comprehensive income

	Notes	**2026 $'000**	2025 $'000
Investment income			
Interest income	3	**243**	131
Distribution income	4	**1,142**	2,923
Net gains on financial assets at fair value through profit or loss	5	**2,380**	5,071
Rebate income		**129**	219
Total investment income		**3,894**	8,344
Expenses			
Management costs	15	**322**	597
Transaction costs and operating expenses		**17**	11
Total expenses		**339**	608
Profit for the year		**3,555**	7,736
Total comprehensive income attributable to unitholders		**3,555**	7,736

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

Statement of financial position

	Notes	**2026** **$'000**	2025 $'000
Assets			
Cash and cash equivalents	9	**3,594**	1,888
Receivables	13	**532**	1,080
Financial assets at fair value through profit or loss	10	**16,442**	81,921
Total assets		**20,568**	84,889
Liabilities			
Distributions payable	8	**670**	7,866
Payables	14	**178**	189
Total liabilities		**848**	8,055
Net assets attributable to unitholders - equity	7	**19,720**	76,834

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

Statement of changes in equity

	2026 $'000	2025 $'000
Balance at the beginning of the year	**76,834**	83,578
Comprehensive income for the year		
Profit for the year	**3,555**	7,736
Total comprehensive income	**3,555**	7,736
Transactions with unitholders		
Applications	**1,743**	8,767
Redemptions	**(62,211)**	(15,780)
Units issued upon re-investment of distributions	**4,742**	1,312
Distributions paid and payable	**(4,943)**	(8,779)
Total transactions with unitholders	**(60,669)**	(14,480)
Balance at the end of the year	**19,720**	76,834

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

Statement of cash flows

	Notes	**2026 $'000**	2025 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**74,851**	44,848
Payments for purchase of financial instruments at fair value through profit or loss		**(7,185)**	(38,561)
Interest received		**243**	131
Distributions received		**1,860**	2,610
GST received		**16**	22
Other income received		**152**	207
Management costs paid		**(377)**	(613)
Transaction and operating costs paid		**(17)**	(11)
Net cash inflows from operating activities	16(a)	**69,543**	8,633
Cash flows from financing activities			
Proceeds from applications by unitholders		**1,743**	8,869
Payments for redemptions by unitholders		**(62,183)**	(15,731)
Distributions paid to unitholders		**(7,397)**	(1,680)
Net cash outflows from financing activities		**(67,837)**	(8,542)
Net increase in cash and cash equivalents		**1,706**	91
Cash and cash equivalents at the beginning of the year		**1,888**	1,797
Cash and cash equivalents at the end of the year		**3,594**	1,888
Non-cash operating and financing activities	16(b)	**4,884**	1,653

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

Notes to the financial statements

1 General information

These financial statements cover AUFM Managed Fund No.2 ("the Scheme") as an individual entity. The Scheme was constituted on 18 September 2012 and will terminate on the 80th anniversary or earlier in accordance with the Scheme's Constitution.

The Responsible Entity of the Scheme 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.

These financial statements are for the financial year 1 July 2025 to 30 June 2026.

These financial statements were authorised for issue by the directors of the Responsible Entity on 17 September 2026. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

(a) Basis of preparation

The statement of financial position is presented on a liquidity basis, with assets and liabilities presented in decreasing order of liquidity. Following the Responsible Entity’s decision to wind up the Scheme, the Scheme’s remaining assets are expected to be realised and its liabilities settled as part of the wind-up process.

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

(i) New and amended accounting standards adopted by the Scheme
Where applicable, the Scheme has adopted new and amended accounting standards which have become mandatory for the first time in the current reporting period as set out in the below table. The adoption of the new and amended accounting standards has had no impact to the Scheme's financial statements.

AASB	Title
AASB 2023-5	Amendments to Australian Accounting Standards - Lack of Exchangeability

(ii) New standards and interpretations not yet adopted
The following table sets out the new and amended accounting standards issued by the Australian Accounting Standards Board that are not mandatory for the 30 June 2026 reporting period and have not been adopted by the Scheme.

AASB	Title	Operative date*
AASB 2024-2	Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2026
AASB 2024-3	Amendments to Australian Accounting Standards - Annual Improvements Volume 11	1 January 2026
AASB 2025-2	Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments: Tier 2 Disclosures	1 January 2026
AASB 18	Presentation and Disclosure of Financial Statements	1 January 2027

* Operative date is for the annual reporting periods beginning on or after the date shown in the above table, unless otherwise stated.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

The accounting standards noted above are not expected to have a material impact to the amounts reported in the financial statements. Where applicable, the Scheme will apply these standards to the annual reporting periods beginning on or after the operative dates set out above.

During the period subsequent to 30 June 2026, the Responsible Entity resolved to wind up the Scheme and return the remaining net assets to unitholders. The Responsible Entity expects the wind-up process to be completed during October 2026.

As a result, the financial statements have been prepared on a basis other than going concern.

In preparing the financial statements on an alternate basis, the Scheme has continued to apply the recognition and measurement requirements of Australian Accounting Standards. The use of a basis of preparation other than going concern has not resulted in any adjustment to the carrying value of the Scheme's assets or liabilities as at 30 June 2026.

(iii) Use of judgments and estimates
The preparation of the Scheme's financial statements requires it 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.

Critical judgements are made in relation to the Scheme's financial instruments. The Scheme's 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 Scheme. The Scheme considers observable data to be 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.

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.

(b) Net gains/(losses) on financial assets

Net gains/(losses) on financial assets 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.

(c) Income tax

Under current legislation, the Scheme is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

Income not distributed is included in net assets attributable to unitholders. Where the Scheme's units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

(d) Foreign currency translation

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

2 Summary of material accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

The Scheme does 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.

(e) Structured entities

The Scheme has assessed whether the funds in which it invests should be classified as structured entities. The Scheme has 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 Scheme has 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 Scheme has concluded that the funds in which it invests in are structured entities, and are therefore not consolidated.

(f) Rounding of amounts

The Scheme is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183* 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

	2026	2025
	$'000	$'000
Fixed interest securities	**64**	8
Cash and deposits	**179**	123
Total interest income	**243**	131

Interest income is recognised for all financial instruments on an accrual basis.

4 Distribution income

	2026	2025
	$'000	$'000
Unlisted managed investment schemes	**738**	2,548
Listed managed investment schemes	**404**	375
Total distribution income	**1,142**	2,923

Trust distributions are recognised on an entitlement basis.

5 Net gains on financial instruments at fair value through profit or loss

	2026	2025
	$'000	$'000
Net unrealised gain on financial assets at fair value through profit or loss	**1,189**	3,234
Net realised gain on financial assets at fair value through profit or loss	**1,191**	1,837
Total net gains on financial instruments at fair value through profit or loss	**2,380**	5,071

6 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 Scheme:

	2026 **$**	2025 $
Audit services - KPMG		
Audit and review of financial statements	**21,515**	20,996
Audit of compliance plan	**3,180**	3,000
Total auditor's remuneration	**24,695**	23,996

7 Net assets attributable to unitholders

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

	2026 **No. '000**	2025 No. '000	**2026** **$'000**	2025 $'000
Opening balance	**67,637**	72,262	**76,834**	83,578
Applications	**1,530**	7,271	**1,743**	8,767
Redemptions	**(55,165)**	(13,015)	**(62,211)**	(15,780)
Units issued upon reinvestment of distributions	**4,187**	1,119	**4,742**	1,312
Distributions to unitholders	**-**	-	**(4,943)**	(8,779)
Profit for the year	**-**	-	**3,555**	7,736
Closing Balance	**18,189**	67,637	**19,720**	76,834

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

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 Scheme at any time for cash based on the redemption price, which is equal to a proportionate share of the Scheme’s 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 Scheme. This amount represents the expected cash flows on redemption of these units.

The Scheme 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 Scheme’s liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument are based substantially on the profit or loss and movements in its assets throughout the life of the instrument.

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.

7 Net assets attributable to unitholders (continued)

Capital risk management

The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders and to movements in the value of underlying investment products. 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 Scheme's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

Applications and redemptions

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

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

8 Distributions to unitholders

The distributions for the year were as follows:

	2026 $'000	**2026 Cents per unit**	2025 $'000	2025 Cents per unit
Distributions				
31 December	**4,273**	**9.9865**	913	1.2531
30 June (payable)	**670**	**3.6859**	7,866	11.6295
Total distributions	**4,943**		8,779	

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. Distributions are recognised directly in equity when unitholders become presently entitled to the distributable income.

The distribution amount payable to unitholders at the end of each year is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Scheme's Constitution.

9 Cash and cash equivalents

	2026 $'000	2025 $'000
Cash at bank	**25**	25
Cash equivalents held in the form of investment trusts*	**3,531**	1,863
Deposits held with brokers	**38**	-
Total cash and cash equivalents	**3,594**	1,888

* Includes investment trusts which have investment policies that invest in short term, highly liquid assets that readily support conversion to cash.

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 and bank overdrafts.

10 Financial assets at fair value through profit or loss

	2026 $'000	2025 $'000
Derivatives	**30**	-
Listed unit trusts	**7,128**	24,510
Unlisted managed investment schemes	**8,686**	56,965
Fixed interest securities	**598**	446
Total financial assets at fair value through profit or loss	**16,442**	81,921

Listed unit trusts and unlisted managed investment schemes are measured at fair value through profit or loss.

For fixed interest securities, the contractual cash flows are solely payments of principal and interest. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective.

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

The Scheme's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme uses 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 Scheme's 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.

Measurement
At initial recognition, the Scheme recognises all financial instruments at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets 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 at fair value through profit or loss' category are presented in the statement 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.

- *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.

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 12.

11 Derivative financial instruments

In the normal course of business the Scheme 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.

11 Derivative financial instruments (continued)

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 Scheme's portfolio management.

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

- hedging to protect an asset or liability of the Scheme 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 Scheme.

The Scheme holds 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 Scheme's derivative financial instruments at year end are detailed below:

2026	**Notional $'000**	**Assets $'000**	**Liabilities $'000**
Interest rate futures	2,087	30	-
		30	-

2025	Notional $'000	Assets $'000	Liabilities $'000
Interest rate futures			

12 Financial risk management

(a) Objectives, strategies, policies and processes

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

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's disclosure documents and seeks to maximise the returns derived for the level of risk to which the Scheme is 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 Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis and ratings analysis for credit risk.

As part of its risk management strategy, the Scheme 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 and equity price risks.

(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. The Scheme is subject to price 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 Scheme's direct investments and not on a look through basis for investments held in the Scheme.

12 Financial risk management (continued)

(b) Market risk (continued)

The sensitivity of the Scheme's net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) to price 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, historical correlation of the Scheme's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Scheme invests. 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:

	2026 **$'000**	2025 $'000
Derivatives assets	**30**	-
Securities at fair value through profit or loss	**16,412**	81,921

(i) Price risk
Price risk is the risk that the fair value or future cash flows of equities and unit trusts 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 Scheme's investment portfolio. The investments are classified on the statement of financial position as at fair value through profit or loss. All listed unit trusts, unlisted managed investment schemes and fixed interest securities investments present a risk of loss of capital.

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 Scheme's overall market positions are monitored on a regular basis by the Scheme's Investment Manager. This information and the compliance with the Scheme's 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:

	Impact on net assets attributable to unitholders	
	2026 **$'000**	2025 $'000
Securities prices 2026: +13.50% (2025: +13.90%)	**2,135**	11,325
Securities prices 2026: -13.50% (2025: -13.90%)	**(2,135)**	(11,325)

The above sensitivities are calculated on a portfolio basis and individual investments may have a higher or lower impact on sensitivities, however these are not considered individually material.

These changes are calculated on an undiscounted basis. The analysis is performed on the same basis for 2026 and 2025.

(ii) Foreign exchange risk
There was no significant direct foreign exchange risk in the Scheme as at 30 June 2026 (30 June 2025: Nil).

(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.

The Scheme's 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 Scheme has established limits on investments in interest bearing assets, which are monitored on a daily basis. The Scheme 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 Scheme's policy, the Investment Manager monitors the Scheme's overall interest sensitivity on a regular basis. This information and the compliance with the Scheme's 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.

12 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The Scheme has 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 Scheme invests 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 Scheme's net assets attributable to unitholders of future movements in interest rates.

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

2026	**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**
Assets							
Cash and cash equivalents	**3,594**	**-**	**-**	**-**	**-**	**-**	**3,594**
Receivables	**-**	**-**	**-**	**-**	**-**	**532**	**532**
Financial assets at fair value through profit or loss							
Interest rate futures	**-**	**30**	**-**	**-**	**-**	**-**	**30**
Fixed interest securities	**-**	**150**	**448**	**-**	**-**	**-**	**598**
Unlisted managed investment schemes	**-**	**-**	**-**	**-**	**-**	**8,686**	**8,686**
Listed unit trusts	**-**	**-**	**-**	**-**	**-**	**7,128**	**7,128**
Total assets	**3,594**	**180**	**448**	**-**	**-**	**16,346**	**20,568**
Liabilities							
Distributions payable	**-**	**-**	**-**	**-**	**-**	**670**	**670**
Payables	**-**	**-**	**-**	**-**	**-**	**178**	**178**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**848**	**848**
Net assets attributable to unitholders	**3,594**	**180**	**448**	**-**	**-**	**15,498**	**19,720**

2025	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
Assets							
Cash and cash equivalents	1,888	-	-	-	-	-	1,888
Receivables	-	-	-	-	-	1,080	1,080
Financial assets at fair value through profit or loss							
Fixed interest securities	-	-	296	150	-	-	446
Unlisted managed investment schemes	-	-	-	-	-	24,510	24,510
Listed unit trusts	-	-	-	-	-	56,965	56,965
Total assets	1,888	-	296	150	-	82,555	84,889
Liabilities							
Distributions payable	-	-	-	-	-	7,866	7,866
Payables	-	-	-	-	-	189	189
Total liabilities	-	-	-	-	-	8,055	8,055
Net assets attributable to unitholders	1,888	-	296	150	-	74,500	76,834

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:

	Impact on net assets attributable to unitholders	
	2026 $'000	2025 $'000
Interest rates: +0.96% (2025: +1.03%)	**(729)**	(1,378)
Interest rates: -0.96% (2025: -1.03%)	**729**	1,378

12 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, deposits with banks, listed unit trusts and the Australian Unity Select Income Fund.

With respect to credit risk arising from the financial assets of the Scheme, other than derivatives, the Scheme's 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 statement 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.

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 Scheme holds 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 Scheme's policy, the Investment Manager monitors the Scheme's credit position on a regular basis. This information and the compliance with the Scheme's 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 Scheme using Standard & Poor’s rating categories, in accordance with the investment mandate of the Scheme. The Scheme's 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:

	2026 **$'000**	2025 $'000
Australian fixed interest securities rating		
Unrated	**598**	446
Total	**598**	446

Amounts included as at 30 June 2026 are not of a security type that seeks or receives ratings.

(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.

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 2026 and 30 June 2025:

	2026 **$'000**	2025 $'000
Derivatives	**30**	-
Fixed interest securities	**598**	446
Listed unit trusts	**7,128**	24,510
Unlisted managed investment schemes - equity	**1,325**	9,153
Unlisted managed investment schemes - fixed interest	**6,973**	41,022
Unlisted managed investment schemes - property	**388**	6,790
Total	**16,442**	81,921

12 Financial risk management (continued)

(e) Liquidity risk
Liquidity risk is the risk that the Scheme will be unable to meet its financial obligations as they fall due.

The Scheme manages liquidity risk by maintaining sufficient cash and cash equivalents and investing predominantly in assets that are expected to be readily realisable under normal market conditions.

The Scheme is exposed to investor applications and redemptions. Under the Constitution, the Responsible Entity may defer or adjust redemptions where it is in the best interests of unitholders.

The Investment Manager monitors liquidity on an ongoing basis.

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 Scheme's policy, the Investment Manager monitors the Scheme's liquidity position on a regular basis. This information and the compliance with the Scheme's 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.

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.

Maturity analysis for financial liabilities

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.

The table below summarises the maturity profile of the Scheme's financial liabilities based on the remaining period at the end of the year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

2026	**Under 1 month $'000**	**1-3 months $'000**	**3-12 months $'000**	**Over 12 months $'000**
Financial liabilities				
Distributions payable	**670**	**-**	**-**	**-**
Payables	**178**	**-**	**-**	**-**
Total financial liabilities	**848**	**-**	**-**	**-**

2025	Under 1 month $'000	1-3 months $'000	3-12 months $'000	Over 12 months $'000
Financial liabilities:				
Distributions payable	7,866	-	-	-
Payables	189	-	-	-
Total financial liabilities	8,055	-	-	-

As disclosed above, the Investment Manager manages the Scheme's liquidity risk by investing a significant proportion in liquid assets. Liquid assets include cash and cash equivalents and listed unit trusts. As at 30 June 2026, these assets amounted to $10,722,010 (2025: $26,398,152).

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

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

The Scheme values its investments in accordance with the accounting policies set out in Note 10.

12 Financial risk management (continued)

(g) Fair value hierarchy

The Scheme is 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 or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability 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 Scheme’s 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.

2026	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Interest rate futures	**30**	**-**	**-**	**30**
Listed unit trusts	**7,128**	**-**	**-**	**7,128**
Unlisted managed investment schemes	**-**	**8,686**	**-**	**8,686**
Fixed interest securities	**-**	**-**	**598**	**598**
Total financial assets	**7,158**	**8,686**	**598**	**16,442**

2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Listed unit trusts	24,510	-	-	24,510
Unlisted managed investment schemes	-	56,965	-	56,965
Fixed interest securities	-	-	446	446
Total financial assets	24,510	56,965	446	81,921

The pricing for the majority of the Scheme's 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 and are 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 but are not limited to investment grade interest bearing securities.

The Scheme's 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 2025: Nil).

12 Financial risk management (continued)

(g) Fair value hierarchy (continued)

The following tables presents the movement in level 3 instruments for the year 30 June 2026 by class of financial instrument (30 June 2025: Nil).

2026	**Opening balance**	**Purchases**	**Sales**	**Net transfers in/(out)**	**Net changes recognised in profit or loss**	**Closing balance**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fixed interest securities	**446**	**299**	**(149)**	**-**	**2**	**598**
Total	**446**	**299**	**(149)**	**-**	**2**	**598**

2025	Opening balance	Purchases	Sales	Net transfers in/(out)	Net changes recognised in profit or loss	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed interest securities	-	443	-	-	3	446
Total	-	443	-	-	3	446

Valuation techniques
The valuation techniques and inputs used in measuring the fair value of financial assets and liabilities are outlined in Note 10.

For fair value measurements categorised as Level 3 of the fair value hierarchy, the valuation processes applied in valuing such assets is governed by the AUI Asset Valuation Policy. This Policy outlines the asset valuation methodologies and processes applied to measure non-exchange traded assets which have no regular market price, including Infrastructure, Private Equity, Alternative Assets, Property and Illiquid Debt Securities. The valuations of all significant Level 3 assets are approved by the appropriate valuation committee who meet at least every six months, or more frequently if required.

The table below summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Financial statement caption	**Valuation technique**	**Range of key unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Fixed interest securities	Valuation models (collateral is valued and impairment is determined based on the collateral valuation and fed into a model that also considers default probability)	Collateral valuation / impairment provision	An increase/decrease in the impairment value would result in an increase/decrease in the fair value of the asset

13 Receivables

	2026	2025
	$'000	$'000
Distributions receivable	**176**	1,036
Outstanding settlements receivable	**335**	-
Other receivables	**21**	44
Total receivables	**532**	1,080

Distributions receivable are accrued when the right to receive payment is established (ex-date). Other receivables are recognised initially at fair value and subsequently measured at amortised cost. No impairment provision was recognised at 30 June 2026 (30 June 2025: Nil).

Expenses of various services provided to the Scheme 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 Scheme qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% or 75%.

14 Payables

	2026 $'000	2025 $'000
Management costs payable	**13**	52
Redemptions payable	**165**	137
Total payables	**178**	189

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

15 Related party transactions

Responsible Entity

The Responsible Entity of AUFM Managed Fund No.2 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 are directors of Australian Unity Funds Management Limited during the whole of the financial year and up to the date of this report (unless otherwise stated):

Adam Vise	Executive Director (appointed 29 August 2025)
Balaji Gopal	Executive Director (appointed 28 August 2026)
Darren Mann	Executive Director (resigned 12 January 2026)
Esther Kerr	Executive Director (resigned 29 August 2025)
Julien Playoust	Non-Executive Director (appointed 31 July 2026)
Matthew Ricker	Executive Director (appointed 12 January 2026, resigned 31 July 2026)
Paul Ryan	Executive Director (appointed 15 December 2025, retired 28 August 2026)
Rohan Mead	Executive Director (retired 15 December 2025)

(b) Transactions with key management personnel
Key management personnel did not hold units in the Scheme as at 30 June 2026 (30 June 2025: nil).

(c) Other key management personnel
There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the year.

(d) Remuneration
No payments were made from the fund to the directors for the year ended 30 June 2026.

Other transactions within the Scheme

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

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

Management costs and other transactions

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

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

15 Related party transactions (continued)

Responsible Entity's fees and other transactions (continued)

	2026 **$**	2025 $
Management costs for the year paid by the Scheme to the Responsible Entity	**322,194**	596,528
Fees earned by the Responsible Entity in respect of investments by the Scheme in other schemes managed by the Responsible Entity	**128,554**	218,609
Aggregate amounts payable to the Responsible Entity at the end of the year	**12,834**	51,578

Related party scheme's unitholdings

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

2026 **Unitholder**	**No. of units held opening**	**No. of units held closing**	**Fair value of investment $***	**Interest held %**	**No. of units acquired**	**No. of units disposed**	**Distributions paid/payable $****
Lifeplan Investment Bond - Pro-D Balanced option	**2,244,019**	**1,802,466**	**2,016,325**	**9.91**	**1,415,055**	**(1,856,608)**	**361,023**
AUI Funeral Plan Bond Fund	**32,374,448**	**-**	**-**	**-**	**3,304,347**	**(35,678,795)**	**8,805,859**
	34,618,467	**1,802,466**	**2,016,325**	**9.91**	**4,719,402**	**(37,535,403)**	**9,166,882**

2025 Unitholder	No. of units held opening	No. of units held closing	Fair value of investment $*	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable $
Lifeplan Investment Bond - Pro-D Balanced option	1,785,279	2,244,019	2,814,897	3.32	600,826	(142,086)	76,944
AUI Funeral Plan Bond Fund	26,911,904	32,374,448	40,610,508	47.86	5,979,033	(516,489)	1,149,618
	28,697,183	34,618,467	43,425,405	51.18	6,579,859	(658,575)	1,226,562

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

**AUI Funeral Plan Bond Fund distribution amount includes a non-cash Single Investor Distribution (SID) of $3,367,578 recognised as part of a redemption transaction.

Investments

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

2026	**No. of units held opening**	**No. of units held closing**	**Fair value of investment $***	**Interest held %**	**No. of units acquired**	**No. of units disposed**	**Distributions and interest received or receivable $**
Platypus Australian Equities Fund	**712,125**	**234,462**	**351,197**	**0.21**	**-**	**(477,663)**	**9,617**
Australian Unity Healthcare Property Trust	**2,141,410**	**190,806**	**392,278**	**0.03**	**44,504**	**(1,995,108)**	**99,251**
707 Gibdon Street Development Pty Ltd**	**-**	**150,000**	**150,000**	**-**	**150,000**	**-**	**10,491**
709 Smith Street Development Pty Ltd**	**-**	**149,000**	**149,000**	**-**	**149,000**	**-**	**9,922**
695 HPG Roseville Pty Ltd**	**149,000**	**149,000**	**149,000**	**-**	**-**	**-**	**13,889**
679 High Street Windsor Pty Ltd**	**145,000**	**145,000**	**145,000**	**-**	**-**	**-**	**14,391**
701 Smith Street Development Pty Ltd**	**149,000**	**-**	**-**	**-**	**-**	**(149,000)**	**2,341**
SMIF cash account**	**407,878**	**2,000**	**2,000**	**-**	**675,102**	**(1,080,980)**	**2,102**
	3,704,413	**1,020,268**	**1,338,475**		**1,018,606**	**(3,702,751)**	**162,004**

15 Related party transactions (continued)

Investments (continued)

2025	No. of units held opening	No. of units held closing	Fair value of investment $*	Interest held %	No. of units acquired	No. of units disposed	Distributions received or receivable $
Platypus Australian Equities Fund	427,248	712,125	1,266,016	0.48	386,263	(101,386)	5,435
Australian Unity Healthcare Property Trust	1,182,839	2,141,410	4,833,377	0.30	1,238,084	(279,513)	157,098
695 HPG Roseville Pty Ltd**	-	149,000	149,000	-	149,000	-	75
679 High Street Windsor Pty Ltd	-	145,000	145,000	-	145,000	-	3,454
701 Smith Street Development Pty Ltd**	-	149,000	149,000	-	149,000	-	345
SMIF cash account**	-	407,878	407,878	-	407,878	-	19,806
	1,610,087	3,704,413	6,950,271		2,475,225	(380,899)	186,213

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

** These are held through Australian Unity Select Income Fund.

16 Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities

	2026 $'000	2025 $'000
(a) Reconciliation of profit/(loss) to net cash inflows/(outflows) from operating activities		
Profit for the year	**3,555**	7,736
Proceeds from sale of financial instruments at fair value through profit or loss	**74,851**	44,848
Payments for purchase of financial instruments at fair value through profit or loss	**(7,185)**	(38,561)
Net gains on financial instruments at fair value through profit or loss	**(2,380)**	(5,071)
Reinvested income	**(142)**	(341)
Net change in receivables	**883**	16
Net change in payables	**(39)**	6
Net cash inflows from operating activities	**69,543**	8,633
(b) Non-cash operating and financing activities		
During the year, the following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	**4,742**	1,312
During the year, the following applications were satisfied by participation in dividend reinvestment plans	**142**	341

17 Events occurring after end of year

In August 2026, Australian Unity Funds Management Limited, as Responsible Entity of the Scheme, determined that the purpose of the Scheme could no longer be accomplished and approved the taking of steps for an orderly wind-up under section 601NC of the Corporations Act 2001 and the relevant provisions of the Scheme's Constitution.

Unless members of the Scheme call a meeting in September 2026 and resolve otherwise, the wind-up is expected to be completed during October 2026, subject to realisation of the Scheme's remaining assets, settlement of outstanding liabilities and distribution of the remaining net assets to unitholders.

As a result, the financial statements have been prepared on a basis other than going concern. This change in basis has not resulted in a material adjustment to the carrying amounts of the Scheme's assets and liabilities at 30 June 2026.

18 Contingent assets and liabilities and commitments

The Scheme had no outstanding contingent assets, liabilities or commitments as at 30 June 2026 and 30 June 2025.

Directors' declaration

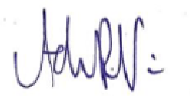
In the opinion of the directors of the Responsible Entity:

(a) The financial statements and notes set out on pages 6 to 26 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 Scheme's financial position as at 30 June 2026 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date.

(b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable

(c) 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 of the Responsible Entity.



Adam Vise
Director

Julien Playoust
Director

17 September 2026

Independent Auditor's Report

To the unitholders of AUFM Fund No.2

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of AUFM Fund No.2 (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme gives a true and fair view, including of the Scheme's financial position as at 30 June 2026 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2026
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended 30 June 2026
- Notes, including material accounting policies
- Directors' Declaration

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation other than going concern

We draw attention to Note 2(a) of the financial statements, which describes that the financial statements have been prepared on a basis other than going concern as the Responsible Entity resolved to wind up the Scheme and return the remaining net assets to unitholders. The Responsible Entity expects the wind-up process to be completed during October 2026. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in scheme's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Australian Unity Funds

Management Limited (the Responsible Entity) is responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and in compliance with *Australian Accounting Standards and* the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and that is free from material misstatement, whether due to fraud or error
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our Auditor's Report.

KPMG

KPMG

Chris Wooden
Partner
Melbourne
17 September 2026