Australian Unity Select Income Fund

ARSN 091 886 789

Annual report
for the year ended 30 June 2024

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Directors' report

The directors of Australian Unity Funds Management Limited (ABN 60 071 497 115), the Responsible Entity of Australian Unity Select Income Fund ("the Scheme"), present their report together with the financial statements of the Scheme for the year ended 30 June 2024.

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

Rohan Mead, Group Managing Director
Esther Kerr, Group Executive, Wealth & Capital Markets
Darren Mann, Group Executive, Finance & Strategy and Chief Financial Officer

Principal activities
The principal activity of the Scheme is to provide investors with regular income and capital stability, by investing primarily into first registered mortgage loans with a short duration.

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

	2024 $'000	2023 $'000
Profit before finance costs attributable to members	**40,448**	26,375
Distributions paid and payable	**41,648**	28,875

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

Events occurring after end of the year
No other matter or circumstances have arisen since 30 June 2024 that has significantly affected, or may significantly affect the operations of the Scheme, the result of operations, or the state of the Scheme's affairs in the future years.

Likely developments and expected results of operations
The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

Further information on likely developments in the operations of the Scheme 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 Scheme.

Indemnification and insurance of officers and auditors
No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Australian Unity Funds Management Limited or the auditors of the Scheme. So long 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 12 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 12 to the financial statements.

Interests in the Scheme
The movement in members' funds in the Scheme during the year is disclosed in note 6 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's operations are not subject to environmental regulations under Australian law.

Rounding of amounts
The Scheme is an entity 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 directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand dollars.

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.

Rohan Mead
Director

Esther Kerr
Director

26 September 2024

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 Australian Unity Select Income Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Unity Select Income Fund for the financial year ended 30 June 2024 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

26 September 2024

Statement of comprehensive income

	Notes	2024 $'000	2023 $'000
Investment income			
Interest income	3	**41,648**	28,875
Management fee income		**4,095**	3,104
Other income	4	**4,121**	4,958
Net impairment (losses)/gains		**(1,200)**	(2,500)
Total investment income		**48,664**	34,437
Expenses			
Management costs	12	**8,216**	8,062
Total expenses		**8,216**	8,062
Profit before finance costs attributable to members		**40,448**	26,375
Finance costs attributable to members			
Distributions to members		**(41,648)**	(28,875)
Increase/(decrease) in net assets attributable to members	6	**1,200**	2,500
Total comprehensive income attributable to members		**-**	-

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

Statement of financial position

	Notes	2024 $'000	2023 $'000
Assets			
Cash and cash equivalents	7	**98,178**	67,455
Receivables	8	**2,166**	3,439
Mortgage loans	9	**392,701**	390,977
Total assets		**493,045**	461,871
Liabilities			
Distributions payable		**4,211**	3,094
Payables		**6,637**	3,212
Total liabilities (excluding net assets attributable to members)		**10,848**	6,306
Net assets attributable to members - liability	6	**482,197**	455,565

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

Statement of changes in net assets attributable to members - liability

	2024	2023
	$'000	$'000
Balance at the beginning of the year	**455,565**	305,827
Profit before finance costs attributable to members	**40,448**	26,375
Distributions to members	**(41,648)**	(28,875)
Withdrawals	**(85,494)**	(73,367)
Reinvestment of distributions	**10,140**	5,701
Contributions	**103,186**	219,904
Balance at the end of the year	**482,197**	455,565

The above statement of changes in net assets attributable to members - liability should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	**2024 $'000**	2023 $'000
Cash flows from operating activities			
Proceeds from repayment of mortgage loans		**433,564**	267,761
Issuance of mortgage loans		**(436,488)**	(390,521)
Interest and loan fees received		**51,135**	38,684
Management fees paid		**(4,791)**	(6,194)
Net cash outflow from operating activities	13(a)	**43,420**	(90,270)
Cash flows from financing activities			
Proceeds from contributions by members		**103,186**	219,904
Payments for withdrawals by members		**(85,494)**	(73,367)
Distributions paid		**(30,389)**	(21,523)
Net cash outflow from financing activities		**(12,697)**	125,014
Net decrease in cash and cash equivalents		**30,723**	34,744
Cash and cash equivalents at the beginning of the year		**67,455**	32,711
Cash and cash equivalents at the end of the year	7	**98,178**	67,455
Non-cash financing activities	13(b)	**10,140**	5,701

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

Notes to the financial statements

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1 General information

These financial statements cover Australian Unity Select Income Fund ("the Scheme") as an individual entity. The Scheme was constituted on 3 March 2000 and will terminate on the 80th anniversary unless terminated earlier in accordance with the provisions of 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.

The financial statements are for the year 1 July 2023 to 30 June 2024.

The financial statements were authorised for issue by the directors of the Responsible Entity on 26 September 2024. 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 Scheme is a for-profit entity for the purposes of preparing the financial statements.

The financial statements are prepared on the basis of amortised cost of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguish between current and non-current. All balances are generally expected to be recovered or settled within 12 months, except for mortgage loans and net assets attributable to members, where the amount expected to be recovered or settled within 12 months after the end of the year cannot be reliably determined.

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

(ii) New accounting standards and amendments adopted by the Scheme
The Scheme applied the following standard that became mandatory for the first time during the reporting period: AASB 2021-2 *Disclosure of Accounting Policies and Definition of Accounting Estimates*. This amends AASB Standards to provide a definition of and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies. The amendments did not result in any changes to the accounting policies or the accounting policy information disclosed in these financial statements.

(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 2024 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 Scheme.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification
The classification depends on the Scheme's business model for managing the financial instruments and the contractual terms of the relevant cash flows. The Scheme classifies its financial instruments into the following measurement categories:

- *Amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met:

(a) it is held within a business model which objective is to hold assets in order to collect contractual cash flows, and
(b) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

This category includes mortgage loans and receivables/payables.

(ii) Recognition/derecognition
The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (settlement 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 Scheme retains 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 Scheme has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has 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 expires. Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement
Mortgage loans are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any.

The Scheme assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The recognition of impairment depends on whether there has been a significant increase in credit risk.

For mortgage loans, the Scheme applies a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

- Stage 1: 12-months ECL
  For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

  The Scheme defines default loans as loans that failed to meet financial obligations under the relevant credit contract or arrangement, and/or failure to meet any material non-financial obligations as required by the Responsible Entity during the term of the arrangement. These loans include all loans in default for a period of more than 60 days from the date on which a loan payment is first overdue, or the date on which the breach of the material non-financial obligation was identified and where that breach has not yet been remedied.

- Stage 2: Lifetime ECL- not credit impaired
  For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

- Stage 3: Lifetime ECL - credit impaired
  Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Scheme assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

The Scheme assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of significant increase in credit risk, loans are grouped on the basis of shared credit risk characteristics, taking into account the type of loans, days in arrears, loan collaterals, remaining term to maturity, geographical location of the borrower and other relevant factors. The Scheme considers its historical loss experience and adjusts this for current observable data.

The amount of ECL is measured as the probability-weighted amount of the present value of all reasonable cash shortfalls over the expected life of the loans discounted at the effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Scheme and all the cash flows that the Scheme expects to receive.

The amount of ECL is recognised using a provision for impairment account. If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for impairment reverts from lifetime ECL to 12-months ECL.

(iv) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement 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.

(c) Net assets attributable to members

Members may withdraw their investments in circumstances set out in the governing documents of the Scheme. As the Scheme is a contributory fund, members' entitlement to income and capital is based only on their investment in a specific mortgage loan and they have no right to the income or capital of other mortgage loans, other than any interest that they have in the Scheme's cash and cash equivalents. Changes in the value of this financial liability are recognised in the statement of comprehensive income as they arise.

The Scheme does not satisfy the equity criteria under AASB 132 *Financial Instruments: Presentation.*

2 Summary of significant accounting policies (continued)

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

(e) Investment income
Interest income is recognised in the statement of comprehensive income for all financial instruments using the effective interest method. 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 liabilities held 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 or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

(f) Expenses
All expenses, including management fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax
Under current legislation, the Scheme is not subject to income tax provided it attributes the entirety of its taxable income to its members.

(h) Distributions
In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to members by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to members.

(i) Increase/decrease in net assets attributable to members
Income not distributed is included in net assets attributable to members. Movements in net assets attributable to members are recognised in statement of comprehensive income as finance costs.

(j) Receivables
Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(h) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC) and application monies receivable from members.

(k) Payables
Payables include liabilities and accrued expenses owed by the Scheme which are unpaid as at the end of the reporting period. These payables, which are generally settled on 30-90 day terms and are unsecured, are carried at amortised cost.

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

2 Summary of significant accounting policies (continued)

(k) Payables (continued)

Liabilities for trade creditors are carried at original invoice amount which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

Payables to related parties are recognised and carried at the nominal amount due. They are carried at the nominal amount due to the short term nature of the payable. Interest is taken up as an expense on an accrual basis.

Provisions are recognised when the Scheme has a present obligation as a result of the past event and it is probable that the Scheme will be requested to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(l) Goods and Services Tax (GST)

The statement of comprehensive income is shown exclusive of GST, unless the GST is incurred (or part thereof) on expenses that are not recoverable. Expenses of various services provided to the Scheme by third parties, such as custodial services and investment management fees, may have non-recoverable GST components, as applicable. In these cases, the non-recoverable GST component is recognised as part of the particular expense in the statement of comprehensive income.

Accounts payable and receivable are stated inclusive of the GST receivable and payable, respectively. The net amount of GST recoverable, or payable, is included in receivables or payables in the statement of financial position.

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

(m) Use of judgements 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.

At each reporting date, the Scheme assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Scheme assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of significant increase in credit risk, loans are grouped on the basis of shared credit risk characteristics, taking into account the type of loans, days in arrears, loan collaterals, remaining term to maturity, geographical location of the borrower and other relevant factors. The Scheme considers its historical loss experience and adjusts this for current observable data. The amount of ECL is measured as the probability-weighted amount of the present value of all reasonable cash shortfalls over the expected life of the loans discounted at the effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Scheme and all the cash flows that the Scheme expects to receive.

(n) Rounding of amounts

The Scheme is an entity of the kind referred to in ASIC Corporations Instrument Class Order 2016/191 issued by Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars.

(o) Functional and presentation currency

Items included in the financial statements of each of the Scheme's operations are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Scheme's functional and presentation currency.

3 Interest income

	2024	2023
	$'000	$'000
Cash and cash deposits	**2,791**	1,016
Mortgage loans	**38,857**	27,859
	41,648	28,875

4 Other income

	2024	2023
	$'000	$'000
Discharge fees	**36**	7
Application fees	**3,688**	4,331
Late repayment fees	**147**	298
Progress advance fees	**151**	172
Administration fees	**99**	150
	4,121	4,958

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 Scheme:

	2024	2023
	$	$
Audit services - KPMG (2023: PwC)		
Audit and review of financial statements	**22,139**	41,600
Audit of compliance plan	**3,000**	4,917
Total auditor's remuneration	**25,139**	46,517

6 Net assets attributable to members

Movements in the net assets attributable to members during the year were as follows:

	2024	2023	**2024**	2023
Contributed equity	**No. '000**	No. '000	**$'000**	$'000
Opening balance	**458,065**	305,827	**458,651**	306,413
Withdrawals	**(85,494)**	(73,367)	**(85,494)**	(73,367)
Reinvestment of distributions	**10,140**	5,701	**10,140**	5,701
Contributions	**103,186**	219,904	**103,186**	219,904
Closing balance	**485,897**	458,065	**486,483**	458,651

6 Net assets attributable to members (continued)

Undistributed income		
Opening balance	**(3,086)**	(586)
Increase/(decrease) in net assets attributable to members	**(1,200)**	(2,500)
Closing balance	**(4,286)**	(3,086)
Total net assets attributable to members	**482,197**	455,565

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 to 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 of the Scheme.

Units are redeemed on demand at the members' 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 year cannot be reliably determined.

7 Cash and cash equivalents

	2024	2023
	$'000	$'000
Cash at bank	**98,178**	67,455
	98,178	67,455

8 Receivables

	2024	2023
	$'000	$'000
Accrued income	**2,158**	3,311
GST receivable	**8**	128
	2,166	3,439

9 Mortgage loans

	2024	2023
	$'000	$'000
Mortgage loans	**396,401**	393,477
Provision for impairment	**(3,700)**	(2,500)
	392,701	390,977

Gross impaired assets represent those assets that are contractually past due with security insufficient to cover the principal and arrears. As at 30 June 2024, the Scheme wrote off $nil of assets considered impaired (2023: nil).

9 Mortgage loans (continued)

In calculating the expected credit losses, the Scheme considers under each loan the historical losses for each category of loan, securities held, project timeline and total pre-sales. The Scheme also considers forward looking data, including market data, for probability scenarios as required by the standard which intend to illustrate a sensitivity impact to the portfolio under certain market conditions. The provision for impairment under Stage 1 and Stage 2 ECL are at the Scheme level and do not necessarily impact the value of each loan and members interests in those loans.

The following table shows the movement in the gross carrying amount for each category of loans for the year.

2024	**Stage 1 (12-month ECL) $'000**	**Stage 2 (Lifetime ECL not credit impaired) $'000**	**Stage 3 (Lifetime ECL credit impaired) $'000**	**Total $'000**
Gross carrying amount				
Balance at beginning of the year	**383,330**	**10,147**	**-**	**393,477**
Transfers from Stage 1 category	**(25,801)**	**25,801**	**-**	**-**
Transfers from Stage 2 category	**-**	**(3,583)**	**3,583**	**-**
Transfers from Stage 3 category	**-**	**-**	**-**	**-**
New loans or drawdowns	**436,488**	**-**	**-**	**436,488**
Derecognition or written-off	**(427,000)**	**(6,564)**	**-**	**(433,564)**
Balance at end of the year	**367,017**	**25,801**	**3,583**	**396,401**

2023	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Gross carrying amount				
Balance at beginning of the year	270,717	-	-	270,717
Transfers from Stage 1 category	(10,147)	10,147	-	-
Transfers from Stage 2 category	-	-	-	-
Transfers from Stage 3 category	-	-	-	-
New loans or drawdowns	390,521	-	-	390,521
Derecognition or written-off	(267,761)	-	-	(267,761)
Balance at end of the year	383,330	10,147	-	393,477

2024	**Stage 1 (12-month ECL) $'000**	**Stage 2 (Lifetime ECL not credit impaired) $'000**	**Stage 3 (Lifetime ECL credit impaired) $'000**	**Total $'000**
Expected credit loss (ECL) provision				
Balance at beginning of the year	**-**	**2,500**	**-**	**2,500**
Transfers from Stage 1 category	**-**	**-**	**-**	**-**
Transfers from Stage 2 category	**-**	**(2,500)**	**2,500**	**-**
Transfers from Stage 3 category	**-**	**-**	**-**	**-**
Balance movements	**-**	**450**	**750**	**1,200**
Derecognition or written-off	**-**	**-**	**-**	**-**
Balance at end of the year	**-**	**450**	**3,250**	**3,700**

9 Mortgage loans (continued)

2023	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Expected credit loss (ECL) provision				
Balance at beginning of the year	-	-	-	-
Transfers from Stage 1 category	-	-	-	-
Transfers from Stage 2 category	-	-	-	-
Transfers from Stage 3 category	-	-	-	-
Balance movements	-	2,500	-	2,500
Derecognition or written-off	-	-	-	-
Balance at end of the year	-	2,500	-	2,500

The Scheme's assets past due but not credit impaired is shown below:

	2024 $'000	2023 $'000
Days past due		
< 30 days	**27,227**	2,168
30 - 60 days	**-**	-
60 - 90 days	**-**	8,775
> 90 days	**43,328**	-
Total	**70,555**	10,943

The fair value of collateral held for total assets past due with adequate security was $154,970,000 as at 30 June 2024 (2023: $53,900,000). The security value is based on the developments being complete.

The Scheme does not issue credit commitments to any third parties.

10 Financial risk management

(a) Objectives, strategies, policies and processes
The Scheme’s activities expose it to a variety of financial risks: market risk (including price 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 the Investment Manager ("the 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 in the case of interest rates, other price risks, and ratings analysis for credit risk.

As part of its risk management strategy, the Scheme may use derivatives and other investments, including share price and 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 two types of risk: price 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 Scheme's direct investments and not on a look through basis for investments held in the Scheme.

10 Financial risk management (continued)

(b) Market risk (continued)

The sensitivity of the Scheme's net assets attributable to members (and profit/(loss) before finance costs attributable to members) to price 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 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 were as follows:

	2024 $'000	2023 $'000
Mortgage loans	**396,401**	393,477

(i) 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.

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

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.

The table below summarises the Scheme's exposure to interest rate risks,categorised by the maturity dates:

		Fixed interest rate					
2024	**Floating interest rate $'000**	**3 months or less $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Assets							
Cash and cash equivalents	**98,178**	**-**	**-**	**-**	**-**	**-**	**98,178**
Receivables	**-**	**-**	**-**	**-**	**-**	**2,166**	**2,166**
Mortgage loans*	**-**	**154,588**	**208,521**	**33,292**	**-**	**-**	**396,401**
Total assets	**98,178**	**154,588**	**208,521**	**33,292**	-	**2,166**	**496,745**
Liabilities							
Distributions payable	**-**	**-**	**-**	**-**	**-**	**4,211**	**4,211**
Payables	**-**	**-**	**-**	**-**	**-**	**6,637**	**6,637**
Total liabilities	**-**	**-**	**-**	**-**	-	**10,848**	**10,848**
Net assets attributable to members	**98,178**	**154,588**	**208,521**	**33,292**	**-**	**(8,682)**	**485,897**

10 Financial risk management (continued)

(b) Market risk (continued)

(i) Interest rate risk (continued)

2023	Floating interest rate $'000	Fixed interest rate 3 months or less $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets							
Cash and cash equivalents	67,455	-	-	-	-	-	67,455
Receivables	-	-	-	-	-	3,439	3,439
Mortgage loans*	-	163,263	158,599	71,615	-	-	393,477
Total assets	67,455	163,263	158,599	71,615	-	3,439	464,371
Liabilities							
Distributions payable	-	-	-	-	-	3,094	3,094
Payables	-	-	-	-	-	3,212	3,212
Total liabilities	-	-	-	-	-	6,306	6,306
Net assets attributable to members	67,455	163,263	158,599	71,615	-	(2,867)	458,065

* Mortgage loans are shown as the gross carrying amount.

At 30 June 2024, should interest rates have increased/(decreased) by the basis points indicated below, with all other variables held constant, the net assets attributable members and profit/(loss) before finance costs attributable to members would have changed by the following amounts, approximately and respectively:

	2024		2023	
	Increased by 200 bps $'000	**Decreased by 200 bps $'000**	Increased by 200 bps $'000	Decreased by 200 bps $'000
Increase/(decrease) in net assets attributable to members and profit/(loss) before finance costs attributable to members	**1,964**	**(1,964)**	1,349	(1,349)

(ii) Prepayment risk

Prepayment risk is the risk that the Scheme may incur a reduced margin of earnings because its borrowers repay or request repayment earlier than expected. The Scheme manages prepayment risk by actively monitoring its borrowers. Due to the Scheme's largely short-term mortgage book the likelihood of prepayment risk eventuating is reduced.

10 Financial risk management (continued)

(c) Credit risk
The Scheme assesses, on a forward-looking basis, the ECL associated with its financial assets carried at amortised cost. The recognition of impairment depends on whether there has been a significant increase in credit risk.

For mortgage loans, the Scheme adopts a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.
• Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

• Stage 2: Lifetime ECL - not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

• Stage 3: Lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Scheme assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Scheme assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis.

For the purposes of a collective evaluation of significant increase in credit risk, loans are grouped based on shared credit risk characteristics, considering the type of loans, days in arrears, loan collaterals, remaining term to maturity, geographical location of the borrower and other relevant factors. The Scheme considers its historical loss experience and adjusts this for current observable data.

The amount of ECL is measured as the probability-weighted amount of the present value of all reasonable cash shortfalls over the expected life of the loans discounted at the effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Scheme and all the cash flows that the Schemes expect to receive.

The amount of ECL is recognised using a loan loss provision account.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision reverts from lifetime ECL to 12-months ECL.

A formal definition on what constitutes a default loan account is contained in the Commercial Property Lending Committee (CPLC) terms of reference.

Credit quality per class of instrument
The credit quality of mortgage loans is managed by the Scheme using Loan to Valuation Ratio ("LVR") analysis. Within the portfolio there exist some loans that are actively managed by the Responsible Entity. LVR of construction loans are reported on "as if complete" valuation basis. The table below shows the LVR of the loan portfolio with the mortgage loans shown at gross carrying amount.

	2024	2023
	$'000	$'000
Loan to valuation ratios		
< 40%	**19,791**	171,052
40% - 60%	**45,310**	117,613
60% - 80%	**301,916**	104,812
>80%	**29,384**	-
Total	**396,401**	393,477

10 Financial risk management (continued)

(c) Credit risk (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.

Based on the concentrations of risk that are managed by industry sector and/or counterparty, the following mortgage loans, at gross carrying amount, can be analysed by the industry sector and/or counterparty as at 30 June 2024 and 30 June 2023:

	2024 $'000	2023 $'000
Property type		
Residential - construction	**279,570**	266,896
Land	**36,048**	49,198
Commercial - land	**26,167**	12,104
Commercial - construction	**12,930**	56,390
Mixed use - construction	**41,686**	8,889
Residential - investment	**-**	-
Total	**396,401**	393,477

As at 30 June 2024, the Scheme held a mortgage loan which represented 8.41% of the gross carrying amount of the total mortgage book (2023: 8.00%).

The loans create exposure to particular geographic segments as follows:

	2024 $'000	2023 $'000
State		
Victoria	**183,681**	157,987
New South Wales	**181,520**	82,542
Queensland	**31,200**	30,188
Total	**396,401**	270,717

(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 Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

Under the terms of its Constitution, the Scheme has the ability to manage liquidity risk by delaying withdrawals to members, if necessary, until the funds are available to pay them. Members are only entitled to have their investment withdrawn at the end of the nominated investment term. The Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as the holders 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. The information and compliance with the Scheme's policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

10 Financial risk management (continued)

(e) Liquidity risk (continued)

Maturities analysis of financial liabilities
The table below analyses the Scheme's financial liabilities into relevant maturity groupings 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. Financial liabilities such as trade payables, where there are no specific contractual settlement dates, have been grouped into the 'less than 1 year' maturity grouping as such liabilities are typically settled within 30 days.

2024	**Less than 1 year $'000**	**1-2 years $'000**	**2-3 years $'000**	**3+ years $'000**
Distributions payable	**4,211**	**-**	**-**	**-**
Payables	**6,637**	**-**	**-**	**-**
Net assets attributable to members	**482,197**	**-**	**-**	**-**
Total financial liabilities	**493,045**	**-**	**-**	**-**

2023	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3+ years $'000
Distributions payable	3,094	-	-	-
Payables	3,212	-	-	-
Net assets attributable to members	458,065	-	-	-
Total financial liabilities	464,371	-	-	-

As disclosed above, the Scheme manages its liquidity risk by investing in liquid assets that it expects to be able to liquidate within seven days or less. Liquid assets include cash and cash equivalents. The Scheme will only allow investors to fully redeem their investment or reinvest at the completion of the relevant loan period. As at 30 June 2024, these assets amounted to $98,178,092 (2023: $67,454,624).

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

The Scheme values its investments in accordance with the accounting policies set out in note 2(b).

For the years ended 30 June 2024 and 30 June 2023, the Scheme did not hold financial assets that were determined using valuation techniques.

(g) Capital risk management

The Scheme's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for unitholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Scheme may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The capital risk management policy remains unchanged from the prior year.

11 Fair value hierarchy

(a) 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 that 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 carrying amounts of the Scheme’s financial assets and financial liabilities at the end of the year approximate their fair values.

The fair value of mortgage loans that reprice within 12 months of reporting date is assumed to equate to the carrying value. The fair value of all other loans and advances are calculated using discounted cash flow models based on expectations of cash flows, contracts of sale and the maturity of the mortgage asset. The difference between estimated fair values of mortgage loans and carrying value reflects changes in interest rates since loan origination and credit worthiness of the borrower.

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.

2024	**Carrying value $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets not measured at fair value on a recurring basis					
Mortgage loans	**392,701**		**-**	**392,701**	**392,701**
Total financial assets	**392,701**	**-**	**-**	**392,701**	**392,701**

2023	Carrying value $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets not measured at fair value on a recurring basis					
Mortgage loans	390,977	-	-	390,977	390,977
Total financial assets	390,977	-	-	390,977	390,977

The Scheme's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year. There are no transfers between levels 1, 2 and 3 for fair value measurements during the year (2023: nil).

12 Related party transactions

Responsible entity

The Responsible Entity of Australian Unity Select Income Fund 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).

12 Related party transactions (continued)

Key management personnel
(a) Directors
Key management personnel includes persons who were directors of Australian Unity Funds Management Limited at any time during the reporting period as follows:

Rohan Mead, Group Managing Director
Esther Kerr, Group Executive, Wealth & Capital Markets
Darren Mann, 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 Scheme, directly or indirectly during the year.

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 members and are immaterial in nature.

Management fees and other transactions
The Scheme's Constitution provides that the Responsible Entity is entitled to receive up to 3.075% (2023: 3.075%) per annum of the loan amount recovered from fees and/or interest payable by the borrower. The management fee payable by members is $nil (2023 : $Nil).

Administration expenses incurred in the day to day running of the Scheme are reimbursed in accordance with the Scheme's Constitution.

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

	2024 **$**	2023 $
Management costs for the year paid/payable by the Scheme to the Responsible Entity	**4,095,120**	3,103,959
Other fees for the year paid/payable by the Scheme to the Responsible Entity	**4,120,778**	4,957,757
Aggregate amounts payable to the Responsible Entity at the end of the year	**547,973**	3,194,405

No amounts were incurred by the scheme for the provision of key management personnel services that are provided by a separate management entity.

Related party 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 interests in the Scheme as follows:

12 Related party transactions (continued)

Related party unitholdings (continued)

2024 **Member**	**Members funds opening $'000**	**Members funds closing $'000**	**Fair value of investment $'000**	**Interest held (%)**	**Contributions $'000**	**Withdrawals $'000**	**Distributions paid/payable by the Scheme $'000**
Mortgages No.1 Internal Investment Trust	**30,921**	**32,323**	**32,323**	**6.65**	**2,602**	**(1,200)**	**2,406**
LP Taxminimiser Funeral Bond Fund	**20,000**	**20,000**	**20,000**	**4.12**	**-**	**-**	**1,125**
Australian Unity Health Ltd	**35,000**	**40,000**	**40,000**	**8.23**	**10,000**	**(5,000)**	**2,851**
Total	**85,921**	**92,323**	**92,323**	**19.00**	**12,602**	**(6,200)**	**6,382**

2023 Members	Members funds opening $'000	Members funds closing $'000	Fair value of investment $'000	Interest held (%)	Contributions $'000	Withdrawals $'000	Distributions paid/payable by the Scheme $'000
Mortgages No.1 Internal Investment Trust	21,999	30,921	30,921	6.75	40,921	(31,999)	2,198
LP Taxminimiser Funeral Bond Fund	-	20,000	20,000	4.37	20,000	-	39
Australian Unity Health Ltd	-	35,000	35,000	7.64	40,000	(5,000)	982
Total	21,999	85,921	85,921	18.76	100,921	(36,999)	3,219

Investments
The Scheme did not hold any investments managed by Australian Unity Funds Management Limited or its related parties during the year.

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

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

	2024 **$'000**	2023 $'000
Increase in net assets attributable to members	**(1,200)**	(2,500)
Issuance of mortgage loans	**(436,488)**	(390,521)
Proceeds from repayment of mortgage loans	**433,564**	267,761
Distribution to members	**41,648**	28,875
Impairment losses on loans	**1,200**	2,500
Net change in receivables	**1,271**	1,747
Net change in payables	**3,425**	1,868
Net cash inflow/(outflow) from operating activities	**43,420**	(90,270)

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**10,140**	5,701
During the year, the following distribution receipts were satisfied by the issue of units under the distribution reinvestment plan	**-**	-
	10,140	5,701

14 Events occurring after end of the financial year

The directors of the Responsible Entity are not aware of any matter or circumstance arising since 30 June 2024 which has significantly affected or may significantly affect the financial position of the Scheme disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Scheme for the year ended on that date.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) The financial statements and notes set out on pages 6 to 28 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 2024 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) The financial statements are in accordance with the Scheme's Constitution, and

(d) Note 2(a) confirms that the financial statements 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

Esther Kerr
Director

26 September 2024

Independent Auditor's Report

To the Members of Australian Unity Select Income Fund:

Opinion

We have audited the ***Financial Report*** of Australian Unity Select Income Fund (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 2024 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 2024;
- Statement of comprehensive income, Statement of changes in net assets attributable to members - liability, and Statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- 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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in the 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) are 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 of the Responsible Entity 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; and
- 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 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Chris Wooden

Partner

Melbourne

26 September 2024