

Altius Asset Management
Managed Investment Schemes

Annual report

For the year ended 30 June 2023

Altius Green Bond Fund

ARSN 648 842 371

Altius Sustainable Short Term Income Fund

ARSN 606 111 166

Altius Sustainable Bond Fund

ARSN 601 618 179



Strengthened by

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Directors' report

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

Scheme name	ARSN
Altius Green Bond Fund	648 842 371
Altius Sustainable Short Term Income Fund	606 111 166
Altius Sustainable Bond Fund	601 618 179

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):

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

Principal activities

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

Review and results of operations

For the years ended 30 June 2023 and 30 June 2022 the Schemes posted total returns as follows¹:

	2023			2022		
	Total Return %	Distribution Return %	Growth Return %	Total Return %	Distribution Return %	Growth Return %
Australian Unity Green Bond Fund (Ordinary units)	2.14	1.39	0.75	(12.02)	0.53	(12.55)
Australian Unity Sustainable Short Term Income Fund (Ordinary units)	4.00	3.35	0.65	(0.87)	1.29	(2.16)
Altius Sustainable Bond Fund	4.10	1.58	2.52	(6.16)	4.00	(10.16)

Unit prices (ex distribution) as at 30 June were as follows¹:

	2023 \$	2022 \$
Australian Unity Green Bond Fund (Ordinary units)	0.8755	0.8690
Australian Unity Green Bond Fund (Retail units)	0.8826	0.8757
Australian Unity Sustainable Short Term Income Fund (Ordinary units)	0.9925	0.9861
Australian Unity Sustainable Short Term Income Fund (Retail units)	0.9832	0.9767
Altius Sustainable Bond Fund (Wholesale units)	0.9205	0.8980

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

Directors' report (continued)

Review and results of operations (continued)

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

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Profit/(loss) before finance costs attributable to unitholders	4,149	(23,372)	18,607	(4,003)	7,787	(15,718)
<i>Distributions</i>						
Distributions paid and payable	2,633	1,092	15,694	5,889	2,921	9,971

Significant changes in the state of affairs

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

Events occurring after end of the year

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

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers and auditors

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

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

Fees paid to the Responsible Entity and its associates out of the Schemes property during the year are disclosed in Note 15 to the financial statements.

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

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

Directors' report (continued)

Units in the Schemes

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

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

Environmental regulation

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

Rounding of amounts

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

Auditor's Independence Declaration

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

Related Scheme Reports

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

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



Rohan Mead
Director



Darren Mann
Director

22 September 2023



Auditor's Independence Declaration

- Australian Unity Green Bond Fund
- Australian Unity Sustainable Short Term Income Fund
- Altius Sustainable Bond Fund

referred to collectively as Altius Asset Management Managed Investment Schemes.

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

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

A handwritten signature in blue ink, appearing to read 'G. Sagonas', is written over a light blue horizontal line.

George Sagonas
Partner
PricewaterhouseCoopers

Melbourne
22 September 2023

Statements of comprehensive income

Notes	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund		
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	
Investment income							
Interest income from financial assets at amortised cost	3	225	–	699	46	113	3
Interest income from financial assets at fair value through profit or loss	3	4,879	3,653	15,647	5,288	3,517	2,273
Distribution income		–	–	–	–	891	460
Net foreign exchange gain/(loss)		(3)	–	–	–	–	(1)
Net gains/(losses) on financial instruments at fair value through profit or loss		(298)	(26,393)	3,241	(8,442)	4,869	(17,254)
Other income			–	2	–	249	235
Total investment income/(loss)		4,803	(22,740)	19,589	(3,108)	9,639	(14,284)
Expenses							
Management costs	15	582	550	943	894	954	1,180
Interest expense		–	4	–	1	806	166
Transaction and operating costs		72	78	39	–	92	88
Total expenses		654	632	982	895	1,852	1,434
Profit/(loss) before finance costs attributable to unitholders		4,149	(23,372)	18,607	(4,003)	7,787	(15,718)
Finance costs attributable to unitholders							
Distributions to unitholders ²	6	(2,633)	(1,092)	(15,694)	(5,889)	(2,921)	(9,971)
(Increase)/decrease in net assets attributable to unitholders ³	5	(1,516)	24,464	(2,913)	9,892	(4,866)	25,689
Total comprehensive income attributable to unitholders		–	–	–	–	–	–

2 & 3. Altius Sustainable Short Term Income Fund has elected into the Attribution Managed Investment Trust (AMIT) regime, however it classifies the net assets attributable to unitholders as liability as it does not satisfy the equity criteria under AASB 132 Financial Instruments: Presentation as per Note 2(c).

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

Statements of financial position

Notes	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund		
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	
Assets							
Cash and cash equivalents	7	7,321	21,262	3,741	23,491	4,852	5,996
Receivables	13	30	9	318	60	368	55
Financial assets at fair value through profit or loss	8	187,524	172,500	490,238	432,603	188,261	222,326
Total assets		194,875	193,771	494,297	456,154	193,481	228,377
Liabilities							
Distributions payable	6	665	–	2,139	1,726	729	3,855
Payables	14	48	46	82	80	80	235
Financial liabilities at fair value through profit or loss	9	341	84	–	89	1,058	9,758
Total liabilities (excluding net assets attributable to unitholders)		1,054	130	2,221	1,895	1,867	13,848
Net assets attributable to unitholders – liability⁴	5	193,821	193,641	492,076	454,259	191,614	214,529

4. Altius Sustainable Short Term Income Fund has elected into the Attribution Managed Investment Trust (AMIT) regime, however it classifies the net assets attributable to unitholders as liability as it does not satisfy the equity criteria under AASB 132 Financial Instruments: Presentation as per Note 2(c).

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

Statements of changes in net assets attributable to unitholders – liability

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at the beginning of the year	193,641	178,019	454,259	433,110	214,529	227,640
Profit/(loss) before finance costs attributable to unitholders	4,149	(23,372)	18,607	(4,003)	7,787	(15,718)
Distributions to unitholders	(2,633)	(1,092)	(15,694)	(5,889)	(2,921)	(9,971)
Applications	17,140	46,109	399,957	323,499	34,375	73,031
Redemptions	(19,435)	(6,512)	(378,013)	(296,551)	(63,439)	(62,029)
Units issued upon reinvestment of distributions	959	489	12,960	4,093	1,283	1,576
Balance at the end of the year⁴	193,821	193,641	492,076	454,259	191,614	214,529

4. Altius Sustainable Short Term Income Fund has elected into the Attribution Managed Investment Trust (AMIT) regime, however it classifies the net assets attributable to unitholders as liability as it does not satisfy the equity criteria under AASB 132 Financial Instruments: Presentation as per Note 2(c).

The above statements of changes in net assets attributable to unitholders – liability should be read in conjunction with the accompanying notes.

Statements of cash flows

Notes	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash flows from operating activities						
Proceeds from sales of financial instruments at fair value through profit or loss	74,420	117,977	288,959	239,282	110,629	176,317
Payments for purchase of financial instruments at fair value through profit or loss	(89,485)	(130,194)	(343,443)	(254,789)	(79,726)	(156,630)
Interest income received	5,083	3,653	16,291	5,351	3,610	2,275
Interest expense paid	–	(4)	–	(1)	(806)	(166)
GST received	36	32	60	57	62	63
Other income received	–	–	2	–	202	235
Management costs paid	(616)	(577)	(1,002)	(947)	(1,032)	(1,282)
Transaction and operating costs paid	(72)	(78)	(39)	–	(92)	(88)
Net cash inflow/(outflow) from operating activities	(10,634)	(9,191)	(39,172)	(11,047)	32,847	20,724
Cash flows from financing activities						
Proceeds from applications by unitholders	17,140	34,296	399,756	323,487	34,348	36,522
Payments for redemptions by unitholders	(19,435)	(6,512)	(378,013)	(296,551)	(63,575)	(50,241)
Distributions paid to unitholders	(1,009)	(603)	(2,321)	(342)	(4,764)	(4,540)
Net cash inflow/(outflow) from financing activities	(3,304)	27,181	19,422	26,594	(33,991)	(18,259)
Net increase/(decrease) in cash and cash equivalents	(13,938)	17,990	(19,750)	15,547	(1,144)	2,465
Cash and cash equivalents at the beginning of the year	21,262	3,272	23,491	7,944	5,996	3,532
Effect of foreign currency exchange rate changes on cash and cash equivalents	(3)	–	–	–	–	(1)
Cash and cash equivalents at the end of the year	7,321	21,262	3,741	23,491	4,852	5,996
Non-cash operating and financing activities	959	489	12,960	4,093	1,952	2,036

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

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1. General information

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

- Altius Green Bond Fund was constituted on 23 August 2016.
- Altius Sustainable Short Term Income Fund was constituted on 28 May 2015.
- Altius Sustainable Bond Fund was constituted on 2 September 2014.

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

The Responsible Entity is incorporated and domiciled in Australia.

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

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

2. Summary of significant accounting policies

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

(a) Basis of Preparation

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

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

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

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

The Schemes manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

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

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

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

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

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

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

2. Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

Financial Assets

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

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

Unlisted managed investment schemes and derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

Financial Liabilities

Derivative contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost. This category includes short term payables.

(ii) Recognition/derecognition

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

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

- the rights to receive cash flows from the asset have expired;
- the Schemes retain the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Schemes have transferred their rights to receive cash flows from the asset and either:
 - (a) 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 expired. Any gains or losses arising from derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statements of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

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

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

Fair value in an active market

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

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

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

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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

For other pricing models, inputs are based on market data at the end of the reporting period.

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

The fair value of derivatives that are not exchange traded is estimated at the amount that the Schemes would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of an option contract is determined by applying the most appropriate option valuation model.

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

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

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when and only when, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

For Altius Sustainable Bond Fund financial assets and liabilities that have been offset have been disclosed in Note 13. As at the end of the year, Altius Green Bond Fund and Altius Sustainable Short Term Income Fund, there were no financial assets or liabilities offset or with the right to offset in the statements of financial position.

(c) Net assets attributable to unitholders

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

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

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

Altius Green Bond Fund & Altius Sustainable Bond Fund classifies the units as financial liabilities as it is required to distribute its distributable income, in accordance with the Schemes' Constitutions.

The Altius Sustainable Short Term Income Fund classifies the net assets attributable to unitholders as liability as it does not satisfy the equity criteria under AASB 132 Financial Instruments: Presentation. The following is the 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 unfavorable conditions to the scheme, and it is not a contract settled in the schemes own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss

(d) Cash and cash equivalents

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

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

2. Summary of significant accounting policies (continued)

(e) Investment Income

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

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

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

(f) Expenses

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

(g) Income tax

Under current legislation, the Schemes are not subject to income tax as unitholders are presently entitled to the income of the Schemes.

(h) Distributions

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

(i) Increase/(decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statements of comprehensive income as finance costs.

(j) Foreign currency translation

(i) Functional and presentation currency

Items included in the Schemes' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Schemes compete for funds and is regulated. The Australian dollar is also the Scheme's presentation currency.

(ii) Transactions and balances

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

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

(k) Receivable

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

Impairment

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

(l) Payables

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

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

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

(m) Applications and redemptions

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

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

(n) Goods and Services Tax (“GST”)

Expenses of various services provided to the Schemes by third parties such as custodial services and investment management fees etc. are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the related expense or cost item. The Schemes qualify for Reduced Input Tax Credits (RITC) at a rate of 55% or 75%.

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

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

(o) Use of judgement and estimates

The preparation of the Schemes' 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.

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

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

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data. The determination of what constitutes 'observable' requires significant judgement by the Schemes. The Schemes consider observable data to be market data that is readily available, regularly distributed or 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.

(p) Structured entities

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

(q) Rounding of amounts

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

3. Interest income

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Fixed interest securities	4,879	3,653	15,647	5,288	3,517	2,273
Cash and deposits	225	–	699	46	113	3
Total interest income	5,104	3,653	16,346	5,334	3,630	2,276

4. Auditor's

The auditor's remuneration is paid directly by the Responsible Entity. During the year the following fees were paid or payable for services provided by the auditor of the Schemes:

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Audit services – PwC						
Audit and review of financial statements	16,200	15,000	20,500	19,000	22,700	21,000
Audit of compliance plan	4,917	4,630	4,917	4,630	4,917	4,630
Total auditor's remuneration	21,117	19,630	25,417	23,630	27,617	25,630

5. Net assets attributable to unitholders – liability

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual share in the Schemes and does not extend to a right in the underlying assets of the Schemes. There are two classes of unitholders in Altius Green Bond Fund and Altius Sustainable Short Term Income Fund being Ordinary and Retail and each unit has the same rights attaching to it as all other units in the Schemes. There are no separate classes of units in the Altius Sustainable Bond Fund.

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

	Altius Green Bond Fund				Australian Unity Sustainable Short Term Income Fund			
	2023 No. '000	2022 No. '000	2023 \$'000	2022 \$'000	2023 No. '000	2022 No. '000	2023 \$'000	2022 \$'000
Opening balance	223,041	179,324	193,641	178,019	460,998	430,027	454,259	433,110
Ordinary Class								
Applications	19,281	50,436	17,040	45,984	402,789	323,018	399,512	322,473
Redemptions	(21,790)	(7,342)	(19,321)	(6,512)	(381,110)	(297,033)	(377,935)	(296,416)
Units issued upon reinvestment of distributions	1,094	495	958	489	13,103	4,090	12,960	4,093
	(1,415)	43,589	(1,323)	39,961	34,782	30,075	34,537	30,150
Retail Class								
Applications	112	128	100	125	453	1,033	445	1,026
Redemptions	(128)	–	(114)	–	(80)	(137)	(78)	(135)
Units issued upon reinvestment of distributions	1	–	1	–	–	–	–	–
	(15)	128	(13)	125	373	896	367	891
Increase/(decrease) in net assets attributable to unitholders			1,516	(24,464)			2,913	(9,892)
Closing Balance	221,611	223,041	193,821	193,641	496,153	460,998	492,076	454,259

	Altius Sustainable Bond Fund			
	2023 No. '000	2022 No. '000	2023 \$'000	2022 \$'000
Opening balance	239,092	228,002	214,529	227,640
Applications	37,672	74,427	34,375	73,031
Redemptions	(69,848)	(64,972)	(63,439)	(62,029)
Units issued upon reinvestment of distributions	1,421	1,635	1,283	1,576
Increase/(decrease) in net assets attributable to unitholders			4,866	(25,689)
Closing balance	208,337	239,092	191,614	214,529

Capital risk management

The Schemes consider their net assets attributable to unitholders – liability as capital, notwithstanding that net assets attributable to unitholders are classified as a financial liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Schemes' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Schemes' Constitutions, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

6. Distributions to unitholders

The distributions for the year were as follows:

	Altius Green Bond Fund				Altius Sustainable Bond Fund			
	Ordinary class							
	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU
Distributions paid								
– 30 September	660	0.3000	807	0.4500	738	0.3500	342	0.1500
– 31 December	662	0.3000	285	0.1500	731	0.3500	3,125	1.3512
– 31 March	646	0.3000	–	–	723	0.3500	2,649	1.0000
Distribution payable								
– 30 June	665	0.3000	–	–	729	0.3500	3,855	1.6124
	2,633		1,092		2,921		9,971	

	Altius Sustainable Short Term Income Fund							
	Ordinary class				Retail class			
	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU	2023 \$'000	2023 CPU	2022 \$'000	2022 CPU
Distributions paid								
– 31 July	614	0.1329	338	0.0786	1	0.1233	–	–
– 31 August	770	0.1664	374	0.0890	1	0.1275	–	–
– 30 September	877	0.1891	199	0.0473	2	0.1790	–	–
– 31 October	1,367	0.3004	391	0.0928	3	0.2898	–	–
– 30 November	879	0.1926	437	0.0956	2	0.1830	–	–
– 31 December	850	0.1900	829	0.1814	2	0.1803	2	0.1785
– 31 January	1,670	0.3379	–	–	4	0.3256	–	–
– 28 February	1,673	0.3446	299	0.0652	4	0.3338	1	0.0570
– 31 March	1,673	0.3400	611	0.1333	4	0.3312	1	0.1240
– 30 April	2,483	0.4929	364	0.0793	5	0.4820	1	0.0681
– 31 May	669	0.1327	315	0.0686	2	0.1405	1	0.0596
Distribution payable								
– 30 June	2,134	0.4313	1,723	0.3744	5	0.4006	3	0.3627
	15,659		5,880		35		9	

7. Cash and cash equivalents

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank	5,738	20,353	3,404	23,208	4,771	4,715
Deposits held with brokers	1,583	909	337	283	81	1,281
Total cash and cash equivalents	7,321	21,262	3,741	23,491	4,852	5,996

8. Financial assets at fair value through profit or loss

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives	63	376	222	–	4,718	8,976
Fixed interest bonds	161,668	145,026	73,479	61,600	70,018	86,671
Asset backed securities	6,152	7,538	12,551	18,268	2,933	4,744
Floating rate notes	19,641	19,560	308,778	272,480	31,056	31,930
Mortgage backed securities	–	–	73,151	66,221	14,715	17,379
Discount securities	–	–	22,057	14,034	–	–
Unlisted managed investment schemes	–	–	–	–	64,821	72,626
Total financial assets at fair value through profit or loss	187,524	172,500	490,238	432,603	188,261	222,326

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

9. Financial liabilities at fair value through profit or loss

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives	341	84	–	89	1,058	9,758
Total financial liabilities at fair value through profit or loss	341	84	–	89	1,058	9,758

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

10. Derivative financial instruments

In the normal course of business the Schemes may enter into transactions in various derivative financial instruments with certain risks.

A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Schemes' portfolio management.

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

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

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

The Schemes hold the following derivative instruments:

(a) Futures

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

(b) Forward foreign exchange contracts

Forward foreign exchange contracts are primarily used by the Schemes to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Schemes agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward foreign exchange contracts are valued at the prevailing bid price at the end of each year. The Schemes recognise a gain or loss equal to the change in fair value at the end of each year.

(c) Swaps

Swaps are derivative instruments in which two counterparties agree to exchange one stream of cash flow against another stream.

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period. The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

	2023			2022		
	Notional \$'000	Assets \$'000	Liabilities \$'000	Notional \$'000	Assets \$'000	Liabilities \$'000
Altius Green Bond Fund						
Futures	68,175	–	341	40,394	376	84
Forward foreign exchange contracts	42	63	–	–	–	–
		<u>63</u>	<u>341</u>		<u>376</u>	<u>84</u>
Altius Sustainable Short Term Income Fund						
Futures	37,710	222	–	42,984	–	89
Forward foreign exchange contracts	–	–	–	–	–	–
		<u>222</u>	<u>–</u>		<u>–</u>	<u>89</u>
Altius Sustainable Bond Fund						
Futures	(20,643)	161	57	(87,198)	–	474
Swaps	(32,000)	4,557	1,001	(83,600)	8,976	9,284
		<u>4,718</u>	<u>1,058</u>		<u>8,976</u>	<u>9,758</u>

11. Financial risk management

(a) Objectives, strategies, policies and processes

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

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

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

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

(b) Market risk

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

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

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

The overall market exposures at year end were as follows:

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives assets	63	376	222	–	4,718	8,976
Derivatives liabilities	(341)	(84)	–	(89)	(1,058)	(9,758)
Securities at fair value through profit or loss	187,461	172,124	490,016	432,603	183,543	213,350

11. Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk

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

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

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

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

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

There is no significant direct price risk in Altius Green Bond Fund and Altius Sustainable Short Term Income Fund as at 30 June 2023 (2022: Nil).

Impact on net assets attributable to unitholders	Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000
Securities prices 2023: +14.0% (2022: +13.3%)	9,075	9,659
Securities prices 2023: -14.0% (2022: -13.3%)	(9,075)	(9,659)

These changes are calculated on an undiscounted basis. The analysis is performed on the same basis for 2023 and 2022.

(ii) Foreign exchange risk

The Schemes have exposure to foreign assets and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar.

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk, not foreign exchange risk.

In accordance with the Schemes' policy, the Investment Manager monitors the Schemes' foreign exchange exposure on all foreign currency denominated assets and liabilities on a daily basis. Currency positions are reconciled daily and discrepancies are immediately resolved. Procedures are established with the Investment Manager to trade currency as closely as possible to the close of the markets, so as to obtain exchange rates that closely approximate the rates used in the daily valuation.

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

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

There was no significant direct foreign exchange risk in Altius Green Bond Fund and Altius Sustainable Short Term Income Fund as at 30 June 2023 (2022: Nil).

11. Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

The table below summarises Altius Sustainable Bond Fund's assets and liabilities which are denominated in non-Australian currencies (2023: Nil):

	Altius Sustainable Bond Fund
	2022 USD A\$'000
Assets	
Cash and cash equivalents	208
Total assets	208
Liabilities	
Financial liabilities at fair value through profit or loss	
Swaps	-
Total liabilities	-
Net assets attributable to unitholders	208

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

	Altius Sustainable Bond Fund		
		AUD Weakened	AUD Strengthened
	2022 %	2022 \$'000	2022 \$'000
AUD/USD	10.1	21	(21)

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

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

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

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

11. Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk

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

Altius Green Bond Fund														
2023							2022							
Floating Interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	Floating Interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	
Assets														
Cash and cash equivalents	5,738	1,583	-	-	-	7,321	20,353	909	-	-	-	-	21,262	
Receivables	-	-	-	-	-	30	-	-	-	-	-	9	9	
Financial assets at fair value through profit or loss														
Futures	-	63	-	-	-	63	-	-	-	-	-	376	376	
Fixed interest bonds	-	-	22,481	67,219	71,968	161,668	-	-	-	78,129	66,897	-	145,026	
Asset backed securities	-	-	-	-	6,152	6,152	-	-	-	7,538	-	-	7,538	
Floating rate notes	19,641	-	-	-	-	19,641	19,560	-	-	-	-	-	19,560	
Total assets	25,379	1,646	22,481	67,219	78,120	30	194,875	39,913	909	-	85,667	66,897	385	193,771
Liabilities														
Distributions payable	-	-	-	-	-	665	665	-	-	-	-	-	-	
Payables	-	-	-	-	-	48	48	-	-	-	-	46	46	
Financial liabilities at fair value through profit or loss														
Futures	-	341	-	-	-	341	-	-	-	-	-	84	84	
Total liabilities	-	341	-	-	-	713	1,054	-	-	-	-	130	130	
Net assets attributable to unitholders	25,379	1,305	22,481	67,219	78,120	(683)	193,821	39,913	909	-	85,667	66,897	255	193,641

11. Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

Altius Sustainable Short Term Income Fund														
2023							2022							
Floating Interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	Floating Interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	
Assets														
Cash and cash equivalents	3,741	-	-	-	-	3,741	23,491	-	-	-	-	-	23,491	
Receivables	-	-	-	-	-	318	-	-	-	-	-	60	60	
Financial assets at fair value through profit or loss														
Futures	-	222	-	-	-	222	-	-	-	-	-	-	-	
Fixed interest bonds	-	7,621	8,988	56,870	-	73,479	-	6,356	6,948	45,616	2,680	-	61,600	
Asset backed securities	12,551	-	-	-	-	12,551	18,268	-	-	-	-	-	18,268	
Floating rate notes	308,778	-	-	-	-	308,778	272,480	-	-	-	-	-	272,480	
Mortgage backed securities	73,151	-	-	-	-	73,151	66,221	-	-	-	-	-	66,221	
Discount securities	-	12,999	9,058	-	-	22,057	-	5,015	9,019	-	-	-	14,034	
Total assets	398,221	20,842	18,046	56,870	-	494,297	380,460	11,371	15,967	45,616	2,680	60	456,154	
Liabilities														
Distributions payable	-	-	-	-	-	2,139	2,139	-	-	-	-	1,726	1,726	
Payables	-	-	-	-	-	82	82	-	-	-	-	80	80	
Financial liabilities at fair value through profit or loss														
Futures	-	-	-	-	-	-	-	-	-	-	-	89	89	
Total liabilities	-	-	-	-	-	2,221	2,221	-	-	-	-	1,895	1,895	
Net assets attributable to unitholders	398,221	20,842	18,046	56,870	-	(1,903)	492,076	380,460	11,371	15,967	45,616	2,680	(1,835)	454,259

11. Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

Altius Sustainable Bond Fund														
2023							2022							
Floating Interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	Floating Interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non-interest bearing \$'000	Total \$'000	
Assets														
Cash and cash equivalents	4,771	81	-	-	-	-	4,852	4,715	1,281	-	-	-	-	5,996
Receivables	-	-	-	-	-	368	368	-	-	-	-	-	55	55
Financial assets at fair value through profit or loss														
Swaps	4,557	-	-	-	-	-	4,557	8,976	-	-	-	-	-	8,976
Futures	161	-	-	-	-	-	161	-	-	-	-	-	-	-
Fixed interest bonds	-	-	-	27,420	42,598	-	70,018	-	506	12,726	73,439	-	-	86,671
Asset backed securities	-	-	-	912	2,021	-	2,933	-	-	194	4,550	-	-	4,744
Floating rate notes	31,056	-	-	-	-	-	31,056	31,930	-	-	-	-	-	31,930
Mortgage backed securities	-	-	-	-	14,715	-	14,715	-	442	602	16,034	301	-	17,379
Unlisted managed investment schemes	64,821	-	-	-	-	-	64,821	-	-	-	-	-	72,626	72,626
Total assets	105,366	81	-	28,332	59,334	368	193,481	45,621	1,723	1,302	33,310	73,740	72,681	228,377
Liabilities														
Distributions payable	-	-	-	-	-	729	729	-	-	-	-	-	3,855	3,855
Payables	-	-	-	-	-	80	80	-	-	-	-	-	235	235
Financial liabilities at fair value through profit or loss														
Futures	57	-	-	-	-	-	57	474	-	-	-	-	-	474
Swaps	1,001	-	-	-	-	-	1,001	9,284	-	-	-	-	-	9,284
Total liabilities	1,058	-	-	-	-	809	1,867	9,758	-	-	-	-	4,090	13,848
Net assets attributable to unitholders	104,308	81	-	28,332	59,334	(441)	191,614	35,863	1,723	1,302	33,310	73,740	68,591	214,529

11. Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

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:

Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000

Impact on net assets attributable to unitholders

Interest rates: +0.7% (2022: +0.6%)	(5,466)	(3,832)	(9,011)	(1,860)	(4,236)	(3,802)
Interest rates: -0.7% (2022: -0.6%)	5,466	3,832	9,011	1,860	4,236	3,802

(c) Credit risk

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

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

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

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

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase of the securities has been received by the broker. The trade will fail if either party fails to meet its obligations.

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

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

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

11. Financial risk management (continued)

(c) Credit risk (continued)

Credit quality per class of instrument

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

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

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Australian debt securities rating						
AAA	28,377	9,938	71,681	65,499	48,831	62,022
AA+	64,413	54,983	–	–	15,596	21,126
AA-	3,952	10,099	63,998	20,462	3,038	–
A	4,579	1,947	86,237	75,423	4,498	5,235
A-	8,475	8,675	15,159	30,631	9,986	8,586
BBB	25,351	19,069	140,272	114,705	16,514	17,700
Unrated	16,653	19,256	68,166	55,571	9,125	13,270
Total	151,800	123,967	445,513	362,291	107,588	127,939
International debt securities rating						
AAA	28,923	45,400	23,514	23,769	5,825	4,186
AA+	6,738	2,757	5,106	5,222	–	1,044
AA-	–	–	3,997	–	–	–
A	–	–	10,638	27,452	2,989	1,987
A-	–	–	–	5,107	1,072	1,070
BBB	–	–	–	7,519	–	3,255
Unrated	–	–	1,248	1,243	1,248	1,243
Total	35,661	48,157	44,503	70,312	11,134	12,785

11. Financial risk management (continued)

(d) Concentrations of risk

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

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

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

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

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Corporate Bonds	76,067	77,669	47,774	43,367	31,321	45,562
Government Bonds	76,754	62,116	-	-	35,204	36,229
Floating Rate Notes	19,641	19,560	308,778	272,480	48,704	54,053
Commonwealth Bonds	8,846	5,241	25,705	18,233	3,493	4,880
Asset backed securities	6,152	7,538	12,551	18,268	-	-
Short term cash bonds	64	-	22,057	14,034	-	-
Mortgage backed securities	-	-	73,150	66,221	-	-
Unlisted managed investment schemes	-	-	-	-	64,821	72,626
Other	-	376	223	-	4,718	8,976
Total	187,524	172,500	490,238	432,603	188,261	222,326

(e) Liquidity risk

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

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

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

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

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

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

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

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

11. Financial risk management (continued)

(e) Liquidity risk (continued)

Maturity analysis for financial liabilities

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

	Altius Green Bond Fund							
	2023				2022			
	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000
Financial liabilities:								
Distributions payable	665							
Payables	48	-	-	-	46	-	-	-
Net assets attributable to unit holders – liability	193,821	-	-	-	193,641	-	-	-
Total financial liabilities	194,534	-	-	-	193,687	-	-	-

	Altius Sustainable Short Term Income Fund							
	2023				2022			
	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000
Financial liabilities:								
Distributions payable	2,139	-	-	-	1,726	-	-	-
Payables	82	-	-	-	80	-	-	-
Net assets attributable to unit holders – liability	492,076	-	-	-	454,259	-	-	-
Total financial liabilities	494,297	-	-	-	456,065	-	-	-
Net settled derivatives								
Futures	-	222	-	-	-	(89)	-	-
Total net settled derivatives inflow (outflow)	-	222	-	-	-	(89)	-	-

	Altius Sustainable Bond Fund							
	2023				2022			
	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000	Under 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Over 12 months \$'000
Financial liabilities:								
Distributions payable	729	-	-	-	3,855	-	-	-
Payables	80	-	-	-	235	-	-	-
Net assets attributable to unit holders – liability	191,614	-	-	-	214,529	-	-	-
Total financial liabilities	192,423	-	-	-	218,619	-	-	-
Net settled derivatives								
Futures	-	105	-	-	-	(474)	-	-
Swaps	(446)	-	(219)	4,486	-	-	(560)	(1,202)
Total net settled derivatives inflow (outflow)	(446)	105	(219)	4,486	-	(474)	(560)	(1,202)

11. Financial risk management (continued)

(e) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

As disclosed above, the Investment Manager manages the Schemes' liquidity risk by investing predominantly in liquid assets that it expects to be able to liquidate within seven days or less. Liquid assets include cash and cash equivalents, listed unit trusts and listed equities. As at 30 June 2023 and 30 June 2022, these assets amounted to the below:

Scheme name	2023 \$	2022 \$
Altius Green Bond Fund	7,321,006	21,262,686
Altius Sustainable Short Term Income Fund	3,741,378	23,490,930
Altius Sustainable Bond Fund	4,852,122	5,995,846

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

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

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

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

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

(g) Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset 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.

11. Financial risk management (continued)

(g) Fair value hierarchy (continued)

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

All fair value measurements disclosed are recurring fair value measurements.

Altius Green Bond Fund								
2023				2022				
Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
Financial assets								
Futures	63	-	-	63	376	-	-	376
Fixed interest bonds	-	161,668	-	161,668	-	145,026	-	145,026
Asset backed securities	-	6,152	-	6,152	-	7,538	-	7,538
Floating rate notes	-	19,641	-	19,641	-	19,560	-	19,560
Total financial assets	63	187,461	-	187,524	376	172,124	-	172,500
Financial liabilities								
Futures	(341)	-	-	(341)	84	-	-	(84)
Total financial liabilities	(341)	-	-	(341)	84	-	-	(84)

Altius Sustainable Short Term Income Fund								
2023				2022				
Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
Financial assets								
Futures	222	-	-	222	-	-	-	-
Fixed interest bonds	-	73,479	-	73,479	-	61,600	-	61,600
Mortgage backed securities	-	73,151	-	73,151	-	66,221	-	66,221
Asset backed securities	-	12,551	-	12,551	-	18,268	-	18,268
Floating rate notes	-	308,778	-	308,778	-	272,480	-	272,480
Discount securities	-	22,057	-	22,057	-	14,034	-	14,034
Total financial assets	222	490,016	-	490,238	-	432,603	-	432,603
Financial liabilities								
Futures	-	-	-	-	(89)	-	-	(89)
Total financial liabilities	-	-	-	-	(89)	-	-	(89)

11. Financial risk management (continued)

(g) Fair value hierarchy (continued)

	Altius Sustainable Bond Fund							
	2023				2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Futures	161	-	-	161	-	-	-	-
Swaps	-	4,557	-	4,557	-	8,976	-	8,976
Unlisted managed investment schemes	-	64,821	-	64,821	-	72,626	-	72,626
Fixed interest bonds	-	70,018	-	70,018	-	86,671	-	86,671
Mortgage backed securities	-	14,715	-	14,715	-	17,379	-	17,379
Asset backed securities	-	2,933	-	2,933	-	4,744	-	4,744
Floating rate notes	-	31,056	-	31,056	-	31,930	-	31,930
Total financial assets	161	188,100	-	188,100		222,326		222,326
Financial liabilities								
Futures	(57)	-	-	(57)	(474)	-	-	(474)
Swaps	-	(1,001)	-	(1,001)	-	(9,284)	-	(9,284)
Total financial liabilities	(57)	(1,001)	-	(1,058)	(474)	(9,284)	-	(9,758)

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

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

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

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

12. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is 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. The gross and net positions of financial assets and liabilities that have been offset in the statements of financial position for Altius Sustainable Bond Fund are disclosed in the first three columns of the following tables. Altius Green Bond Fund & Altius Sustainable Short Term Income Fund does not hold Swaps that can be offset in the statements of financial position.

Altius Sustainable Bond Fund										
2023					2022					
Gross amounts \$'000	Amounts offset \$'000	Net amount presented in the statements of financial position \$'000	Related amount not offset \$'000	Net amount \$'000	Gross amounts \$'000	Amounts offset \$'000	Net amount presented in the statements of financial position \$'000	Related amount not offset \$'000	Net amount \$'000	
Derivative assets	88,217	(88,217)	4,718	-	4,718	240,650	(240,650)	8,976	-	8,976
Derivative liabilities	(84,557)	84,557	(1,058)	-	(1,058)	(241,432)	241,432	(9,758)	-	(9,758)
Total	3,660	(3,660)	3,660	-	3,660	(782)	782	(782)	-	(782)

The agreements, where relevant, could include derivative clearing agreements, global master repurchase agreements and others. Similar financial instruments could include derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, securities lending agreements, short sales etc.

The International Swaps and Derivatives Association ("ISDA") master netting agreements or similar agreements do not generally meet the criteria for offsetting. This is because they create a right of setoff of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the entity or the counterparties.

From time to time, the Schemes may receive or pledge collateral which could be in the form of cash or marketable securities or both in respect of the above instruments. Such collateral, if transacted, is generally subject to the standard industry in terms of ISDA's Credit Support Annex. This means that collateral received/pledged can be repledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also generally give each counterparty the right to terminate the related transactions on the counterparty's failure to post collateral.

13. Receivables

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Distributions receivable	-	-	-	-	222	-
Interest receivable from cash and deposits	21	-	-	12	-	-
Interest receivable from fixed income securities	-	-	82	15	22	2
GST receivable	9	9	17	15	12	15
Applications receivable	-	-	219	18	47	20
Other receivables	-	-	-	-	65	18
Total receivables	30	9	318	60	368	55

14. Payables

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Management costs payable	48	46	82	80	72	91
Redemptions payable	-	-	-	-	8	144
Total payables	48	46	82	80	80	235

15. Related party transactions

Responsible Entity

The Responsible Entity of the Schemes is Australian Unity Funds Management Limited (ABN 60 071 497 115) whose immediate and ultimate Parent Entity is Australian Unity Limited (ABN 23 087 648 888).

Key management personnel

(a) Directors

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

Rohan Mead	Chairman and Group Managing Director
Esther Kerr-Smith	Chief Executive Officer, Wealth and 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 Schemes, directly or indirectly during the year.

Other transactions within the Schemes

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

Management costs and other transactions

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

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

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

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Management costs for the year paid by the Schemes to the Responsible Entity	582,243	550,137	942,781	893,874	954,453	1,179,571
Management costs paid to the Responsible Entity in respect of investments by the Schemes in other schemes managed by the Responsible Entity	-	-	-	-	248,860	234,832
Management costs payable to the Responsible Entity at the end of the year	48,229	45,975	82,340	79,534	71,734	91,061

15. Related party transactions (continued)

Related party scheme's unitholdings

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

	Altius Green Bond Fund						
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
2023							
Unitholders							
Altius Sustainable Bond Fund	83,574,515	74,072,735	65,043,268	33.44	763,152	(10,264,932)	891,043
Australian Unity Health Limited	23,176,788	29,282,979	25,713,384	13.22	17,268,879	(11,162,688)	332,347
Other Related Parties ⁶	5,031	5,078	4,494	4.31	47	–	57
	106,756,334	103,360,792	90,761,146	50.97	18,032,078	(21,427,620)	1,223,447
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
2022							
Unitholders							
Altius Sustainable Bond Fund	76,506,260	83,574,515	72,626,254	37.49	12,839,693	(5,771,438)	459,558
Australian Unity Health Limited	–	23,176,788	20,140,629	10.40	23,176,788	–	–
Other Related Parties ⁶	5,000	5,031	4,405	3.79	31	–	31
	76,511,260	106,756,334	92,771,288	51.68	36,016,512	(5,771,438)	459,589

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

6. Other related parties consists of investors with holdings of less than 5%.

15. Related party transactions (continued)

Related party scheme's unitholdings (continued)

Altius Sustainable Short Term Income Fund							
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
2023							
Unitholders							
Australian Unity Health Limited	34,926,746	72,595,209	72,326,607	14.67	101,688,623	(64,020,160)	3,246,876
Australian Unity Health Liquid Assets	123,107,875	94,586,806	94,236,835	19.11	77,988,450	(106,509,519)	3,619,210
Lifeplan Tax Minimiser Funeral Bond Fund	90,733,131	41,537,795	41,384,105	8.39	20,209,457	(69,404,793)	1,641,555
Australian Unity Healthcare Property Trust	36,097,637	25,174,661	25,081,515	5.09	1,166,486	(12,089,462)	1,127,249
Cash Reserve Fund	24,895,439	25,146,418	25,053,376	5.08	250,979	-	810,365
Australian Unity Management Fund	55,160,387	54,824,565	54,621,713	11.08	40,923,222	(41,259,044)	799,339
Other Related Parties ⁶	95,176,237	179,940,335	179,274,555	36.58	172,587,001	(87,822,903)	4,398,895
	460,097,452	493,805,789	491,978,706	100.00	414,814,218	(381,105,881)	15,643,489
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
2022							
Unitholders							
Australian Unity Health Limited	106,625,977	34,926,746	34,553,030	7.59	36,342,773	(108,042,004)	1,239,941
Australian Unity Health Liquid Assets	101,847,017	123,107,875	121,790,621	26.76	97,898,083	(76,637,225)	1,170,724
Lifeplan Tax Minimiser Funeral Bond Fund	46,856,172	90,733,131	89,762,287	19.72	56,312,044	(12,435,085)	981,010
Australian Unity Healthcare Property Trust	35,741,084	36,097,637	35,711,392	7.84	356,553	-	469,455
Cash Reserve Fund	24,895,439	24,895,439	24,629,058	5.41	-	-	324,970
Australian Unity Management Fund	710,257	55,160,387	54,570,170	11.99	54,450,130	-	301,034
Other Related Parties ⁶	113,194,474	95,176,237	94,157,851	20.69	81,749,017	(99,767,254)	1,392,728
	429,870,420	460,097,452	455,174,409	100.00	327,108,600	(296,881,568)	5,879,862

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

6. Other related parties consists of investors with holdings of less than 5%.

15. Related party transactions (continued)

Related party scheme's unitholdings (continued)

Altius Sustainable Bond Fund							
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
2023							
Unitholders							
Australian Unity Health Limited	37,561,910	33,837,621	31,252,426	16.24	1,810,970	(5,535,259)	463,896
Other Related Parties ⁶	14,634,666	27,798,414	25,674,615	13.34	16,716,140	(3,552,392)	385,919
	52,196,576	61,636,035	56,927,041	29.58	18,527,110	(9,087,651)	849,815
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions paid/payable \$
2022							
Unitholders							
Australian Unity Health Limited	57,134,428	37,561,910	34,301,536	15.71	2,365,475	(21,937,993)	2,064,803
Other Related Parties ⁶	7,343,955	14,634,666	13,364,377	6.12	8,339,687	(1,048,976)	311,358
	64,478,383	52,196,576	47,665,913	21.83	10,705,162	(22,986,969)	2,376,161

Investments

The Schemes held investments in the following schemes which are also managed by Australian Unity Funds Management Limited or its related parties. Altius Sustainable Short Term Income Fund and Altius Green Bond Fund did not hold any investments in Australian Unity Funds Management Limited or its related parties during the year (2022: Nil).

Altius Sustainable Bond Fund							
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
2023							
Australian Unity Green Bond Fund	83,574,515	74,072,735	65,043,268	33.44	763,152	(10,264,932)	891,043
	83,574,515	74,072,735	65,043,268		763,152	(10,264,932)	891,043
	No. of units held opening	No. of units held closing	Fair value of investment \$ ⁵	Interest held %	No. of units acquired	No. of units disposed	Distributions received/receivable \$
2022							
Australian Unity Green Bond Fund	76,506,259	83,574,515	72,626,254	37.49	12,839,693	(5,771,437)	459,558
	76,506,259	83,574,515	72,626,254		12,839,693	(5,771,437)	459,558

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

6. Other related parties consists of investors with holdings of less than 5%.

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

	Altius Green Bond Fund		Altius Sustainable Short Term Income Fund		Altius Sustainable Bond Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Increase/(decrease) in net assets attributable to unitholders	1,516	(24,464)	2,912	(9,892)	4,866	(25,689)
Distributions to unitholders	2,633	1,092	15,695	5,889	2,921	9,971
Proceeds from sale of financial instruments at fair value through profit or loss	74,420	117,977	288,959	239,282	110,629	176,317
Payments for purchase of financial instruments at fair value through profit or loss	(89,485)	(130,194)	(343,443)	(254,789)	(79,726)	(156,630)
Net (gains)/losses on financial instruments at fair value through profit or loss	298	26,393	(3,241)	8,442	(4,869)	17,254
Reinvested income		–	–	–	(669)	(460)
Net foreign exchange (gains)/losses	3	–	–	–	–	1
Net change in receivables	(21)	(2)	(56)	17	(286)	3
Net change in payables	2	7	2	4	(19)	(43)
Net cash inflow/(outflow) from operating activities	(10,634)	(9,191)	(39,172)	(11,047)	32,847	20,724
(b) Non-cash operating and financing activities						
During the period, the following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	959	489	12,960	4,093	1,283	1,576
During the year, the following distribution receipts were satisfied by the issue of units under distribution reinvestment plan	–	–	–	–	669	460

17. Events occurring after end of year

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

18. Contingent assets and liabilities and commitments

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

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 39 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Schemes' financial position as at 30 June 2023 and of their performance, as represented by the results of their operations and cash flows, for the year ended on that date.
- (b) There are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.
- (c) The financial statements are in accordance with the Schemes' Constitutions.
- (d) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Rohan Mead
Director



Darren Mann
Director

22 September 2023



Independent auditor's report

To the unitholders of:

- Australian Unity Green Bond Fund
- Australian Unity Sustainable Short Term Income Fund
- Altius Sustainable Bond Fund

referred to collectively as Altius Asset Management Managed Investment Schemes

Our opinion

In our opinion:

The accompanying financial report of Altius Asset Management Managed Investment Schemes (the "Schemes") is in accordance with the *Corporations Act 2001*, including:

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

What we have audited

The financial report comprises:

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

Basis for opinion

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

Independence

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



Other information

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

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

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

Auditor’s responsibilities for the audit of the financial report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor’s report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'George Sagonas'.

George Sagonas
Partner

Melbourne
22 September 2023

