



# Firstmac *highlivez*

Annual Report for the Year Ended

30 June 2023

ARSN 147 322 923



The financial statements cover Firstmac High Livez as an individual entity. The Responsible Entity of Firstmac High Livez is Perpetual Trust Services Limited (ABN 48 000 142 049). The Responsible Entity's registered office is Level 12, 123 Pitt Street NSW 2000.

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These financial statements cover Firstmac High Livez as an individual entity.

The Responsible Entity of Firstmac High Livez is Perpetual Trust Services Limited (ABN 48 000 142 049) (AFSL 236 648). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

Perpetual Trust Services Limited (ABN 48 000 142 049) (AFSL 236 648) is the responsible entity (the "Responsible Entity") of Firstmac High Livez (ARSN 147 322 923) (the "Fund"). The directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Fund for the year ended June 30 2023.

### **Principal Activities**

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund seeks to achieve its investment objective by investing in fixed income securities. These fixed income securities are predominantly comprised of investment grade medium term asset-backed securities supplemented by highly rated short term money market securities.

The Fund was constituted on November 10, 2010 and commenced operations on March 29, 2011.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

### **Directors**

The Directors of Perpetual Trust Services Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

#### **Name**

Glenn Foster

Phillip Blackmore

Richard McCarthy

Vicki Riggio

Alternate Director for Phillip Blackmore

### **Review and results of operations**

During the year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution.

#### **Results**

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

	<b>Year Ended June 30 2023 \$</b>	<b>Year Ended June 30 2022 \$</b>
Operating profit/(loss)	3,077,102	51,918
Distribution paid and payable	3,018,343	1,828,851
Distribution (cents per unit)	0.0536	0.0252

The distribution (cents per unit) has been presented as actual distribution for the years 2023 and 2022.

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## Directors' report (continued)

### Significant changes in state of affairs

During the period, the Fund experienced a high level of redemption requests due to the impact that the rising interest rate environment has had on unit pricing. Management expect this to normalise as the Fund continues to diversify its investment holdings and investment values stabilise as the rate cycle matures.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the year.

During the period ASIC have commenced civil proceedings in the Federal Court against Firstmac Limited, the Investment Manager and Accountant of the fund, for alleged breaches of the design and distribution obligations (DDO). Under the DDO, the Distributor is required to take reasonable steps to ensure that the product is distributed in accordance with the target market determination (TMD) for each product. ASIC alleges that in marketing and distributing the fund to term deposit holders, the Investment Manager failed to ensure the product was distributed in accordance with the TMD.

The Investment Manager intends to defend the ASIC action.

### Matters subsequent to the end of the financial year

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

- (i) the operations of the Fund in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Fund in future financial years.

### Likely developments and expected results of operations

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

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed, and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditor of the Fund are in no way indemnified out of the assets of the Fund.

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**Directors' report (continued)**

**Fees paid to and interests held in the Fund by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of Fund's property during the year are disclosed in Note 12 of the financial statements.

No fees were paid out of the Fund's property to the Directors of the Responsible Entity during the year.

The Responsible Entity and its associates held no interests in the Fund at the end of, or during, the financial year.

**Units in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 7 of the financial statements.

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

**Environmental regulation**

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

**Rounding of amounts to the nearest dollars**

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that *ASIC Corporations Instrument*, unless otherwise 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.

This report is made in accordance with a resolution of the Directors of Perpetual Trust Services Limited.

A handwritten signature in blue ink, appearing to be "D. J. ...".

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Director  
Perpetual Trust Services Limited  
Sydney

Dated 11 September 2023

Level 38, 345 Queen Street  
Brisbane, QLD 4000

Postal address  
GPO Box 1144  
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors  
Perpetual Trust Services Limited  
As Responsible Entity of Firstmac High Livez  
Level 12, Angel Place  
123 Pitt Street  
SYDNEY NSW 2000

### Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*;  
and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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ANDREW ROBIN  
Partner

11 September 2023  
Brisbane, Queensland

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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ANDREW ROBIN  
KAREN LEVINE

EDWARD FLETCHER  
ROBERT HUGHES

**Statement of comprehensive income**

	Notes	Year Ended June 30 2023 \$	Year Ended June 30 2022 \$
<b>Investment Income</b>			
Interest income		269,407	48,592
Interest income from financial asset at fair value through profit or loss		3,312,363	2,282,781
Net gains / (losses) on financial instruments at fair value through profit or loss	5	(201,678)	(1,916,679)
<b>Total investment income/(loss)</b>		<b>3,380,092</b>	<b>414,694</b>
<b>Expenses</b>			
Management Fees	12	209,401	247,337
Other operating expenses		93,589	115,439
<b>Total operating expenses</b>		<b>302,990</b>	<b>362,776</b>
<b>Profit/(loss) for the year less Finance costs</b>		<b>3,077,102</b>	<b>51,918</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>3,077,102</b>	<b>51,918</b>

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

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**Statement of financial position**

	Notes	As at June 30 2023 \$	As at June 30 2022 \$
<b>Assets</b>			
Cash and cash equivalents	9	7,842,349	9,680,905
Interest receivable		141,179	114,624
Financial assets at fair value through profit or loss	6	42,919,371	61,336,309
<b>Total assets</b>		<b>50,902,899</b>	<b>71,131,838</b>
<b>Liabilities</b>			
Distribution payable	8	266,764	168,687
Management fees payable	12	15,939	21,825
Other payables		6,754	9,431
<b>Total liabilities</b>		<b>289,457</b>	<b>199,943</b>
<b>Net assets attributable to unitholders - equity</b>	7	<b>50,613,442</b>	<b>70,931,896</b>

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



**Statement of changes in equity**

	Notes	Year ended June 30 2023 \$	Year ended June 30 2022 \$
Total equity at the beginning of the year		70,931,896	74,057,303
<b>Comprehensive Income/(loss) for the year</b>			
Profit/(loss) for the year		3,077,102	51,918
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		3,077,102	51,918
<b>Transactions with unitholders</b>			
Applications	7	5,615,454	23,427,314
Redemptions	7	(27,635,402)	(25,889,758)
Units issued upon reinvestment of distributions	7	1,642,735	1,113,969
Distributions paid and payable	7	(3,018,343)	(1,828,851)
Total transactions with unitholders		(23,395,556)	(3,177,326)
<b>Total equity at the end of the year</b>		<b>50,613,442</b>	<b>70,931,896</b>

Changes in net assets attributable to unitholders are disclosed in Note 7.

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

**Statement of cash flows**

	Notes	Year ended June 30 2023 \$	Year ended June 30 2022 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		13,969,346	13,254,547
Payments for purchase of financial instruments at fair value through profit or loss		(4,688,594)	(19,150,000)
Proceeds from passback of financial instruments at fair value through profit or loss		8,934,507	8,205,223
Interest received		3,553,716	2,302,790
Management fees paid		(215,287)	(248,258)
Operating expenses paid		(94,767)	(116,054)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<b>21,458,921</b>	<b>4,248,248</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders	7	5,615,454	23,427,314
Payments for redemptions by unitholders	7	(27,635,402)	(25,889,758)
Distributions paid		(1,277,529)	(707,774)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(23,297,477)</b>	<b>(3,170,218)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,838,556)</b>	<b>1,078,030</b>
Cash and cash equivalents at the beginning of the year		9,680,905	8,602,875
<b>Cash and cash equivalents at the end of the year</b>	9	<b>7,842,349</b>	<b>9,680,905</b>

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

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## **1. General Information**

These financial statements cover Firstmac High Livez (the "Fund") as an individual entity. The Fund was constituted on November 10, 2010 and commenced operations on March 29, 2011.

Perpetual Trust Services Limited (ABN 48 000 142 049) is the responsible entity of the Fund (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The Investment Manager of the Fund is Firstmac Limited (the "Investment Manager").

The Custodian of the Fund is Perpetual Corporate Trust Limited.

The Fund seeks to achieve its investment objective by investing in fixed income securities. These fixed income securities are predominantly comprised of investment grade medium term asset-backed securities supplemented by highly rated short term money market securities.

The financial statements of the Fund are for the year ended 30 June 2023. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on September 11, 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 in the following text.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

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

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Fund manages 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 twelve months, however, an estimate of that amount cannot be determined as at year end.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder's option. However, unitholders typically retain units for the medium to long-term. As such, the amount expected to be settled within twelve months cannot be reliably determined.

#### *(i) Compliance with International Financial Reporting Standards*

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

### **(a) Basis of preparation (continued)**

#### *(ii) New and amended standards adopted by the Fund*

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

#### *(iii) New standards, amendments and interpretations effective after July 1, 2023 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for financial years commencing on or after January 1, 2023, therefore, effective for High Livez from July 1 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

### **(b) Financial instruments**

#### **(i) Classification**

- **Assets:**

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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 Fund's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest ("SPPI").

All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

- **Liabilities:**

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (Responsible Entity's fees payable, management fees payable, administration and custody fees payable, due to brokers, distributions payable and other payables).

#### **(ii) Recognition/derecognition**

The Fund recognises 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.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

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

### **(iii) Measurement**

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement 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 Statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

All other financial assets and liabilities recognised by the Fund are subsequently measured at amortised cost.

### **(iv) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position where 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.

As at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of financial position.

### **(c) Net assets attributable to unitholders**

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

The units can be put back to the Fund at any time for cash based on the redemption price.

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 Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under *AASB 132 Financial instruments*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's 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.

The Fund's units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the year.

### **(d) Cash and cash equivalents**

Cash comprises deposits held at custodian banks. Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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 Fund's main income generating activity.

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

### **(d) Cash and cash equivalents**

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest income from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements. Other income is recognized on an accruals basis.

### **(e) Investment income**

#### **(f) Expenses**

All expenses, including management fees, Responsible Entity's fees, administration fees and custody fees, are recognised in the Statement of comprehensive income on an accrual basis.

#### **(g) Income tax**

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

#### **(h) Distributions**

In accordance with the Fund Constitution, the Fund distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment.

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

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equities, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

#### **(j) Payables**

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting year. Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

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

#### **(k) Applications and redemptions**

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

#### **(l) Use of estimates**

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, including unquoted securities are fair valued using valuation techniques determined by the Investment Manager, in accordance with the valuation procedures approved by the Responsible Entity. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager, independent of the area that created them.

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

### (l) Use of estimates (continued)

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require Investment Manager to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other balances reported on Statement of financial position, including accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### (m) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with the *ASIC Corporations Instrument*, unless otherwise indicated.

### (n) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary comparative figures have been adjusted to conform with changes in presentation in the current period.

## 3. Financial Risk Management

### (a) Overview

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Fund; and
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

### (b) Market Risk

Market risk is the risk that changes in market risk factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.



### 3. Financial Risk Management (continued)

#### (b) Market Risk (continued)

##### (i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	Amount \$	% of net asset attributable to unitholders
<b>As at June 30 2023</b>		
<b>Financial assets</b>		
Cash and cash equivalents (a)	7,842,349	15.5%
Receivables (a)	141,179	0.3%
Financial assets at fair value through profit or loss (b)	42,919,371	84.8%
<b>Financial liabilities</b>		
Distribution payable (a)	(266,764)	0.5%
Management fees payable (a)	(15,939)	0.0%
Other payables (a)	(6,754)	0.0%
Net exposure	<u>50,613,442</u>	
<b>As at June 30 2022</b>		
<b>Financial assets</b>		
Cash and cash equivalents (a)	9,680,905	13.6%
Receivables (a)	114,624	0.2%
Financial assets at fair value through profit or loss (b)	61,336,309	86.5%
<b>Financial liabilities</b>		
Distribution payable (a)	(168,687)	0.2%
Management fees payable (a)	(21,825)	0.0%
Other payables (a)	(9,431)	0.0%
Net exposure	<u>70,931,895</u>	

(a) at amortised cost

(b) at fair value through profit or loss

The table in Note 3(c) summarises the impact of an increase/decrease of underlying investment prices on the Fund's operating profit and net assets attributable to unitholders. The analysis is based on the assumption that the underlying investment prices changed by +/- 1% (2022: +/- 1%) from the year end prices with all other variables held constant.

Economic risks taken by the Fund are monitored and managed by two independent groups within the Investment Manager: the portfolio management team and the risk management team. The Fund has explicit risk limits for each asset class which take into account correlations within and across asset classes to estimate the risk of the whole portfolio.

### 3. Financial Risk Management (continued)

#### (b) Market Risk (continued)

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarises the Fund's exposure to interest rate risk.

	Weighted interest rate	Floating interest rate \$	Weighted interest rate	Fixed interest rate \$	Non-interest Bearing \$	Total \$
<b>As at June 30 2023</b>						
<b>Financial assets</b>						
Cash and cash equivalents	4.00%	3,042,349	4.37%	4,800,000	-	7,842,349
Interest receivables		-		-	141,179	141,179
Financial assets at fair value through profit or loss	7.50%	42,919,371		-	-	42,919,371
<b>Total financial assets</b>		<b>45,961,720</b>		<b>4,800,000</b>	<b>141,179</b>	<b>50,902,899</b>
<b>Financial liabilities</b>						
Other payables		-		-	(6,754)	(6,754)
Distribution payable		-		-	(266,764)	(266,764)
Management fees payable		-		-	(15,939)	(15,939)
<b>Total financial liabilities</b>		<b>-</b>		<b>-</b>	<b>(289,457)</b>	<b>(289,457)</b>
<b>Net exposure</b>		<b>45,961,720</b>		<b>4,800,000</b>	<b>(148,278)</b>	<b>50,613,442</b>
<b>As at June 30 2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	0.00%	1,680,905	0.89%	8,000,000	-	9,680,905
Interest receivables		-		-	114,624	114,624
Financial assets at fair value	4.62%	61,336,309		-	-	61,336,309
<b>Total financial assets</b>		<b>63,017,214</b>		<b>8,000,000</b>	<b>114,624</b>	<b>71,131,838</b>
<b>Financial liabilities</b>						
Other payables		-		-	(9,431)	(9,431)
Distribution payable		-		-	(168,687)	(168,687)
Management fees payable		-		-	(21,825)	(21,825)
<b>Total financial liabilities</b>		<b>-</b>		<b>-</b>	<b>(199,943)</b>	<b>(199,943)</b>
<b>Net exposure</b>		<b>63,017,214</b>		<b>8,000,000</b>	<b>(85,319)</b>	<b>70,931,895</b>

The table in Note 3(c) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows.

### 3. Financial Risk Management (continued)

#### (c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate having regard to a number of factors, including historical levels of changes in interest rates and the historical correlation of the Fund's investments with the relevant benchmark 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 movements resulting from changes in the performance of and/or correlation between the performances of the economies, market and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/(loss)/ net assets attributable to unitholders			
	Price risk		Interest rate risk	
	-1%	+1%	-100bps	+100bps
	\$	\$	\$	\$
As at June 30 2023	506,134	(506,134)	(506,134)	506,134
As at June 30 2022	709,319	(709,319)	(709,319)	709,319

#### (d) Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of the financial assets.

##### (i) Debt securities

The Fund invests in fixed investment securities which have various category allocations as disclosed in the PDS. The category allocations are assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies. An analysis of debt by rating is set out in the table below.

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
Category 1	2,126,777	-
Category 2	11,800,000	11,809,177
Category 3	29,358,809	49,822,322
Total	<b>43,285,586</b>	<b>61,631,499</b>

#### (e) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to monthly cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund maintains a minimum liquidity equal to 10% of total assets of the Fund. Compliance with this is reported to the Responsible Entity on a quarterly basis.

In order to manage the Fund's overall liquidity, 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 interest of unitholders. As at 30 June 2023 the fund held 14 different RMBS investments managed and serviced by Firstmac Limited. This represents the largest concentration by issuer at 32.15% (30 June 2022: 39.35%) of total fund assets. Each of the individual holdings are bankruptcy remote with stand-alone closed pool of residential mortgage assets.

#### **4. Fair value measurement**

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis.

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (see Note 5 and 6)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting year. AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly (level 2); and
- inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The Fund's financial assets at fair value through profit or loss consist of residential mortgage backed debt securities. Each month, independently sourced pricing data is obtained from the market and market valuations are calculated resulting in the value of the debt securities being updated.

##### *(i) Fair value in an active market (level 1)*

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets and financial liabilities held by the Fund is the last-traded prices.

A financial instrument is regarded as quoted in an 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.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

##### *(ii) Valuation techniques used to derive level 2 and level 3 fair value*

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and managed funds with suspended applications and withdrawals.

Where discounted cash flow techniques are used, estimated future cash flows are based on Investment Manager's best estimates and the discount rate used is a market rate at the end of the reporting year 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 year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Investments in other managed funds are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the redemption value based on considerations such as liquidity of the unit trust or its underlying investments, or any restrictions on redemptions and the basis of accounting.

#### **4. Fair value measurement (continued)**

##### *(ii) Valuation techniques used to derive level 2 and level 3 fair value (continued)*

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

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

##### **Recognised fair value measurements**

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at June 30 2022 and June 30 2023.

		<b>As at</b>	<b>As At</b>
	<b>Level</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Fair value measurement hierarchy for assets:</b>			
Financial Assets at fair value through profit or loss	2	42,919,371	61,336,309

##### *(i) Transfers between levels*

There were no transfers between the levels in the fair value hierarchy for the year ended June 30 2023.

##### *(ii) Fair value measurements using significant unobservable inputs (level 3)*

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended June 30 2023 or year ended June 30 2022 .

##### *(iii) Valuation processes*

Portfolio reviews are undertaken regularly by the Investment Manager to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, the Investment Manager performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting year.

##### *(iv) Fair values of other financial instruments*

Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

**5. Net gain/(loss) on financial instruments at fair value through profit or loss**

	Year Ended 30 June 2023 \$	Year Ended 30 June 2022 \$
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(14,897)	(1,861,764)
Net realised gain/(loss) on financial assets at fair value through profit or loss	(130,654)	(1,050)
Amortised bond (premium)/discount	(56,127)	(53,865)
	<b>(201,678)</b>	<b>(1,916,679)</b>

**6. Financial assets at fair value through profit or loss**

	As at 30 June 2023 \$	As at 30 June 2022 \$
Floating rate notes	42,919,371	61,336,309
	<b>42,919,371</b>	<b>61,336,309</b>
<i>Comprising:</i>		
Face Value	43,285,586	61,631,499
Fair Value Adjustment	(581,552)	(566,654)
Unamortised bond premium/(discount)	215,337	271,464
	<b>42,919,371</b>	<b>61,336,309</b>
Maturity Analysis - Floating rate notes		
More than 5 Years	42,919,371	61,336,309
	<b>42,919,371</b>	<b>61,336,309</b>

**7. Net assets attributable to the Unitholders**

Under AASB 132 Financial instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund has elected into the AMIT tax regime and consequently the Fund's constitution has been amended. The Fund does not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

## 7. Net assets attributable to the Unitholders (continued)

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

	Retail \$	Wholesale \$	Total \$
<b>30 June 2023</b>			
<b>Opening Balance</b>	43,878,543	27,053,353	70,931,896
Applications	1,013,269	4,602,185	5,615,454
Redemptions	(13,557,685)	(14,077,717)	(27,635,402)
Distribution Reinvestment	997,772	644,963	1,642,735
Distribution paid and payable	(1,781,956)	(1,236,387)	(3,018,343)
Reclassification	385,221	(385,221)	-
Profit for the year	1,847,795	1,229,307	3,077,102
<b>Closing Balance</b>	<b>32,782,959</b>	<b>17,830,483</b>	<b>50,613,442</b>
	Units	Units	Units
<b>Opening Balance</b>	42,218,502	26,029,853	68,248,355
Applications	976,554	4,443,861	5,420,415
Redemptions	(13,091,431)	(13,574,278)	(26,665,709)
Distribution Reinvestment	962,001	621,985	1,583,986
Reclassification	404,812	(404,812)	-
<b>Closing Balance</b>	<b>31,470,438</b>	<b>17,116,609</b>	<b>48,587,047</b>
<b>30 June 2022</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening Balance</b>	45,848,905	28,208,399	74,057,304
Applications	16,981,395	6,445,919	23,427,314
Redemptions	(12,812,772)	(13,076,986)	(25,889,758)
Distribution Reinvestment	673,127	440,842	1,113,969
Distribution paid and payable	(1,073,619)	(755,232)	(1,828,851)
Reclassification	(5,780,724)	5,780,724	-
Profit for the year	42,231	9,687	51,918
<b>Closing Balance</b>	<b>43,878,543</b>	<b>27,053,353</b>	<b>70,931,896</b>
	Units	Units	Units
<b>Opening Balance</b>	43,018,595	26,467,059	69,485,654
Applications	16,038,919	6,083,450	22,122,369
Redemptions	(12,138,293)	(12,276,436)	(24,414,729)
Distribution Reinvestment	637,414	417,647	1,055,061
Reclassification	(5,338,133)	5,338,133	-
<b>Closing Balance</b>	<b>42,218,502</b>	<b>26,029,853</b>	<b>68,248,355</b>

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

## 7. Net assets attributable to the Unitholders (continued)

### Capital risk management

The Fund classifies its net assets attributable to unitholders as equity. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders.

Monthly applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets by the Investment Manager. Under the terms of the Fund Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

### 8. Distributions to unitholders

Distributions are payable at the end of each financial period. Such distributions are determined by reference to the net taxable income of the Fund.

The distributions for the year were as follows:

		Year ended 30 June 2023	Year ended 30 June 2022
		\$	\$
Distributions paid	Value	2,751,579	1,660,164
Distributions payable	Value	266,764	168,687
		<b>3,018,343</b>	<b>1,828,851</b>
Distributions paid	CPU	0.0481	0.0227
Distributions payable	CPU	0.0055	0.0025

### 9. Cash and cash equivalents

	As at 30 June 2023	As at 30 June 2022
	\$	\$
Operating bank account	3,041,942	1,680,838
Distribution bank account	87	24
Redemption bank account	320	43
Term deposit	4,800,000	8,000,000
	<b>7,842,349</b>	<b>9,680,905</b>

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

	Year ended 30 June 2023	Year ended 30 June 2022
	\$	\$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	3,077,102	51,918
Unrealised (gain)/loss on financial instruments at fair value through profit or loss	14,897	1,861,764
Realised (gain)/loss on financial instruments at fair value through profit or loss	130,654	1,050
Amortisation of bond (premium)/discount	56,127	53,865
Net change in receivables and other assets	(26,555)	(28,802)
Net change in payables and other liabilities	(8,561)	(1,315)
Net change in financial assets at fair value through profit or loss	18,215,257	2,309,768
<b>Net cash inflow from operating activities</b>	<b>21,458,921</b>	<b>4,248,248</b>



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

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	1,642,735	1,113,969

As described in Note 2(j), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 11. Remuneration of auditors

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

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
<b>Audit and other assurance services</b>		
Audit and review of financial statements (Pitcher Partners)	28,500	24,500
Audit of compliance plan (PricewaterhouseCoopers)	2,648	2,648
Audit of Monthly Statements (Pitcher Partners)	10,800	9,600
Total remuneration for audit and other assurance services	<b>41,948</b>	<b>36,748</b>
<b>Taxation services</b>		
Taxation services (Pitcher Partners)	6,000	6,000
Total remuneration for taxation services	<b>6,000</b>	<b>6,000</b>
<b>Audit and other assurance services paid by Investment Manager</b>	<b>47,948</b>	<b>42,748</b>

## 12. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

### Responsible Entity

The Responsible Entity of the Fund is Perpetual Trust Services Limited (ABN 48 000 142 049).

### Custodian

The Custodian of the Fund is Perpetual Corporate Trust Limited which is a related entity of the Responsible Entity.

### Key management personnel

#### (a) Directors

Key management personnel include persons who were directors of the Responsible Entity at any time during the financial year as follows:

## 12. Related party transactions (continued)

### (a) Directors (continued)

#### Name

Glenn Foster

Phillip Blackmore

Richard McCarthy

Vicki Riggio

Alternate Director for Phillip Blackmore

### (b) Other key management personnel

There were no other key management personnel responsible for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

#### Key management personnel unitholdings

During or since the end of the year, none of the Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Fund at the end of the year.

#### Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

#### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

#### Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

#### Investment Manager's Fees and other transactions

The Investment Manager is entitled to receive a management fee at the rates stipulated in the Fund's governing documents.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund and the Investment Manager were as

	30 June 2023 \$	30 June 2022 \$
Management fees for the year paid by the Fund to the Investment Manager	209,401	247,337
Aggregate amount payable to Investment Manager	15,939	21,825
Operating fees for the year paid by the Fund to the Investment Manager	93,342	115,196
Aggregate amount payable to Investment Manager	6,735	9,411

## 12. Related party transactions (continued)

### Related party unitholdings

Parties related to the Fund (including the Perpetual Trust Services Limited, its related parties and other schemes managed by Perpetual Trust Services Limited), hold no units in the Fund.

Parties related to the Fund (including Firstmac Limited, its related parties and other schemes managed by Firstmac Limited) held the following units in the Fund:

Year ended 30 June 2023	Opening balance	Acquired during the year	Disposed during the year	Reinvested during the year	Closing balance	FV of investment	Interest held	Distributions paid/payable by the Fund
Name of unitholder	Units	Units	Units	Units	Units	\$	%	\$
Firstmac Limited	177,438	-	-	9,190	186,628	194,411	0.39%	9,537
Firstmac Operations Center Pty Ltd	302,101	-	-	15,647	317,748	330,999	0.67%	16,238

Year ended 30 June 2022	Opening balance	Acquired during the year	Disposed during the year	Reinvested during the year	Closing balance	FV of investment	Interest held	Distributions paid/payable by the Fund
Name of unitholder	Units	Units	Units	Units	Units	\$	%	\$
Firstmac Limited	173,401	-	-	4,037	177,438	184,411	0.26%	4,254
Firstmac Operations Center Pty Ltd	295,228	-	-	6,873	302,101	313,974	0.45%	7,241

### Investments

The Fund did not hold any investments in Perpetual Trust Services Limited or of its affiliates or funds managed by Firstmac Limited during the year.

## 13. Significant events during the year

During the period ASIC have commenced civil proceedings in the Federal Court against Firstmac Limited, the Investment Manager and Accountant of the fund, for alleged breaches of the design and distribution obligations (DDO). Under the DDO, the Distributor is required to take reasonable steps to ensure that the product is distributed in accordance with the target market determination (TMD) for each product. ASIC alleges that in marketing and distributing the fund to term deposit holders, the Investment Manager failed to ensure the product was distributed in accordance with the TMD.

The Investment Manager intends to defend the ASIC action.

There were no other significant events during the year.

## 14. Events occurring after the year end

The Directors are not aware of any event or circumstance since the end of the financial year not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

## 15. Contingent assets and liabilities and commitments

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

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## Directors Declaration

In the opinion of the Directors of the Responsible Entity:

- (a) The financial statements and notes that are set out on pages 11 to 26 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date,
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a)(i) confirms that the financial statements also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of Directors of Perpetual Trust Services Limited.

A handwritten signature in blue ink, appearing to be "D. Ash" or similar, written over a horizontal line.

Director  
Sydney  
11 September 2023

**Independent Auditor's Report to the Members of Firstmac High Livez****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Firstmac High Livez ("the Fund"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Firstmac High Livez, is in accordance with the *Corporations Act 2001*, including:

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

*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 are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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, 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 for the Financial Report*

The directors of the Responsible Entity 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 determine 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 are responsible for assessing the Fund's ability 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 either intend to liquidate the Fund 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

*Pitcher Partners*  
PITCHER PARTNERS

  
ANDREW ROBIN  
Partner

11 September 2023  
Brisbane, Queensland