Smarter Money Fund

ARSN 154 023 408

Annual report
For the year ended 30 June 2024

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For the year ended 30 June 2024

Contents

This annual report covers Smarter Money Fund as an individual entity.

The Responsible Entity of Smarter Money Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street,
Melbourne, Victoria 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Smarter Money Fund (the “Fund”), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

Principal activities

The Fund invests in a portfolio of cash investments and variable and fixed-income securities, including at-call deposits, term deposits, bank bills and investment-grade bonds issued by governments, government-owned enterprises, banks, and companies in accordance with the Product Disclosure Statement and the provisions of the Fund’s Constitution.

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.

The various service providers for the Fund are detailed below:

Service	**Provider**
Responsible Entity	Equity Trustees Limited
Investment Manager	Coolabah Capital Investments (Retail) Pty Limited
Custodian, Administrator and Registrar	Apex Fund Services Pty Ltd (an Apex Group Company)
Statutory Auditor	Ernst & Young

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund’s Constitution.

The performance of the Smarter Money Fund Assisted Investor Class was 6.42% (net of fees), Smarter Money Fund Institutional Class A was 6.47% (net of fees) and Smarter Money Fund Base Fee Class was 6.67% (net of fees) for the year ended 30 June 2024. The Fund’s Benchmark, the Reserve Bank of Australia’s (RBA’s) cash rate 4.24% plus 1.00% returned 5.24% for the same period. The benchmark of the Institutional Class A and Base Fee Class, the Reserve Bank of Australia's (RBA's) cash rate returned 4.24% for the same period.

Fund’s performance is calculated based on the percentage change in the Redemption Price in the Fund over the period (with any distributions paid during the period reinvested). Returns are disclosed after fees and expenses, but before taxes.

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

	Year ended	
	30 June 2024	30 June 2023
Profit/(loss) before finance costs attributable to unit holders for the year ($'000)	**22,574**	17,814
Assisted Investor Class		
Distributions paid and payable ($’000)	**16,070**	11,131
Distributions cents per unit (CPU)	**5.3693**	3.0500
Institutional A Class		
Distributions paid and payable ($’000)	**2,799**	2,107
Distributions cents per unit (CPU)	**5.1244**	3.0500

Directors' report (continued)

Review and results of operations (continued)

	Year ended	
	30 June 2024	30 June 2023
Base Fee Class		
Distributions paid and payable ($'000)	**-***	-*
Distributions cents per unit (CPU)	**5.2860**	3.0497

*During the year, a total distribution of $118.89 (30 June 2023: $65.92) was declared for Base Fee Class unit holders.

Significant changes in the state of affairs

Andrew P Godfrey was appointed as a director of Equity Trustees Limited on 1 May 2024.

Philip D Gentry resigned as a director of Equity Trustees Limited on 6 June 2024.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may have a significant effect on:

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 Product Disclosure Statement and 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

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

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 property during the year are disclosed in Note 16 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 to the financial statements.

Directors' report (continued)

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 9 to 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 to the financial statements.

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191,* 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 Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.

Andrew P Godfrey
Director

Melbourne
27 September 2024

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Auditor's independence declaration to the directors of Equity Trustees Limited as Responsible Entity for Smarter Money Fund

As lead auditor for the audit of the financial report of Smarter Money Fund for the financial year ended 30 June 2024, I declare 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Jonathan Hall

Jonathan Hall
Partner
27 September 2024

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Statement of comprehensive income

	Note	Year ended 30 June 2024 $'000	30 June 2023 $'000
Income			
Interest income from financial assets at fair value through profit or loss		**18,130**	16,576
Interest income from financial assets at amortised cost		**940**	702
Distributions income		**211**	-
Net foreign exchange gain/(loss)		**(58)**	(11)
Net gains/(losses) on financial instruments at fair value through profit or loss		**6,960**	4,165
Other income		**1**	296
Total income/(loss)		**26,184**	21,728
Expenses			
Management fees and costs	16	**2,269**	2,950
Performance fees	16	**1,313**	867
Interest expense from financial assets at amortised cost		**5**	2
Transaction costs		**22**	94
Other expenses		**1**	1
Total expenses		**3,610**	3,914
Profit/(loss) before finance costs attributable to unit holders for the year		**22,574**	17,814
Finance costs attributable to unit holders			
Distributions to unit holders	10	**(18,869)**	(13,238)
(Increase)/decrease in net assets attributable to unit holders	9	**(3,705)**	(4,576)
Profit/(loss) for the year		-	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**-**	-

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

Statement of financial position

	Note	As at 30 June 2024 $'000	30 June 2023 $'000
Assets			
Cash and cash equivalents	11	**20,877**	25,723
Margin accounts		**2,337**	3,577
Receivables	13	**2,910**	3,732
Due from brokers – receivable for securities sold		**18,896**	19,249
Financial assets at fair value through profit or loss	6	**314,602**	349,731
Total assets		**359,622**	402,012
Liabilities			
Margin accounts		**584**	123
Distributions payable	10	**5,939**	4,264
Payables	14	**300**	5,113
Due to brokers – payable for securities purchased		**4,300**	2,404
Financial liabilities at fair value through profit or loss	7	**494**	498
Total liabilities (excluding net assets attributable to unit holders)		**11,617**	12,402
Net assets attributable to unit holders - liability	9	**348,005**	389,610

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

Statement of changes in equity

	Year ended	
	30 June 2024 $'000	30 June 2023 $'000
Total equity at the beginning of the financial year	**-**	-
Profit/(loss) for the year	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income	**-**	-
Transactions with unit holders	**-**	-
Total equity at the end of the financial year*	**-**	-

*Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2c and 9.

Statement of cash flows

		Year ended	
		30 June 2024	30 June 2023
	Note	**$'000**	$'000
Cash flows from operating activities			
Proceeds from maturity/sales of financial instruments at fair value through profit or loss		**498,726**	864,381
Payments for purchase of financial instruments at fair value through profit or loss		**(454,392)**	(707,826)
Interest income received from financial assets at fair value through profit or loss		**18,132**	17,157
Interest income received from financial assets at amortised cost		**857**	722
Movement in margin accounts		**1,701**	6,107
Distributions income received		**211**	-
Other income received		**13**	306
Interest expense paid on financial assets at amortised cost		**(5)**	(2)
Management fees and costs paid		**(2,320)**	(3,037)
Performance fees paid		**(1,530)**	(619)
Other expenses paid		**(23)**	(95)
Net cash inflow/(outflow) from operating activities	12 (a)	**61,370**	177,094
Cash flows from financing activities			
Proceeds from applications by unit holders		**168,375**	90,511
Payments for redemptions by unit holders		**(222,692)**	(291,670)
Distributions paid to unit holders		**(11,841)**	(10,009)
Net cash inflow/(outflow) from financing activities		**(66,158)**	(211,168)
Net increase/(decrease) in cash and cash equivalents		**(4,788)**	(34,074)
Cash and cash equivalents at the beginning of the year		**25,723**	59,808
Effect of foreign currency exchange rate changes on cash and cash equivalents		**(58)**	(11)
Cash and cash equivalents at the end of the year	11	**20,877**	25,723
Non-cash operating and financing activities			
Issue of units under the distribution reinvestment plan	12 (b)	**5,353**	3,445

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

Notes to the financial statements

Contents

1. General information

These financial statements cover Smarter Money Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 31 October 2011 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in a portfolio of cash investments and variable and fixed-income securities, including at-call deposits, term deposits, bank bills and investment-grade bonds issued by governments, government-owned enterprises, banks, and companies in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Summary of material 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 do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Fund manages financial assets and financial liabilities 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 reporting date.

In the case of net assets attributable to unit holders', the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. New and amended standards adopted by the Fund

The Fund has applied the following standards and amendments for the first time for its financial year beginning 1 July 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2*].

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a significant impact on the amounts recognised in the prior periods or will affect the current or future periods.

2. Summary of material accounting policies (continued)

a. Basis of preparation (continued)

iii. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements.

None of these are expected to have a significant effect on the financial statements of the Fund.

b. Financial instruments

i. Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:
- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its assets 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 its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments 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 Fund's business objective. Consequently, the debt securities are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers, margin accounts 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 flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as 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 (due to brokers, margin accounts, distributions payable and management fees and costs payable).

ii. Recognition and 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 the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii. Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures financial asset and financial liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

2. Summary of material accounting policies (continued)

b. Financial instruments (continued)

iii. Measurement (continued)

- Financial instruments at fair value through profit or loss (continued)

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or 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.

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, due from brokers, receivables and margin accounts are carried at amortised cost.

iv. Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from brokers, margin accounts and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income 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 the statement of comprehensive income.

v. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has 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.

Financial assets and liabilities that have been offset are disclosed in Note 4.

c. Net assets attributable to unit holders

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

The units are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

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

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

d. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Summary of material accounting policies (continued)

d. Cash and cash equivalents (continued)

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Fund's main income generating activity.

e. Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions such as forward currency contracts. The margin account is intended to offset unrealised market value of derivative positions and neutralise counterparty credit risk. Hence if there is any significant increase in the market value of the derivative position, the Fund will receive collateral from the respective counterparty and this will be recorded as a margin liability of the Fund and vice versa. If cash has been paid to a counterparty, the cash is held by the counterparty and is only available to offset derivative position liabilities. It is not included as a component of cash and cash equivalents and is presented separately in the statement of financial position.

f. Income

i. Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest 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 measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

ii. Distributions

Trust distributions are recognised on an entitlement basis.

g. Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

Interest expense from financial liability at amortised cost is recognised using the effective interest method and includes interest expenses from the credit facility.

Management fees and costs covers certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees and other operating expense.

h. Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders on present entitlement basis.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

i. Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

2. Summary of material accounting policies (continued)

j. Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

k. Foreign currency translation

i. Functional and presentation currency

Balances included in the Fund's 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 Fund competes for funds and is regulated. The Australian dollar is also the Fund'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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

l. Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

m. Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

n. Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

o. 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.

p. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

2. Summary of material accounting policies (continued)

q. Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements 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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. 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.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model has not significantly impacted the Fund. Please see Note 3 for more information on credit risk.

Models use observable data, to the extent practicable. However, 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 more information on how fair value is calculated refer to Note 5 to the financial statements.

r. Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

s. 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 year.

3. Financial risk management

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions.

The investments of the Fund, and associated risks, are managed by the Investment Manager Coolabah Capital Investments (Retail) Pty Ltd, under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

a. Market risk

i. Price risk

The Fund is exposed to price risk on debt securities and derivatives. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Price risk is managed by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including the historical correlation of the Fund's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

3. Financial risk management (continued)

a. Market risk (continued)

i. Price risk (continued)

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/- 10% (2023: +/-10%).

ii. Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets dominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk is managed by entering into forward currency contracts that hedge any movement in exchange rates with respect to the Australian dollar.

The fair value of the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar is summarised below.

	US Dollars $'000	Euros $'000
As at 30 June 2024		
Cash and cash equivalents	**2,052**	**2,837**
Margin accounts	**3**	**34**
Receivables	**14**	**72**
Due from brokers – receivable for securities sold	**2,703**	**963**
Financial assets at fair value through profit or loss	**3,371**	**7,902**
Margin accounts	**(4)**	**-**
Due to brokers - payable for securities purchased	**(2,695)**	**(1,605)**
Financial liabilities at fair value through profit or loss	**(4)**	**(29)**
Net exposure	**5,440**	**10,174**
Net increase/(decrease) in exposure from forward currency contracts (notional principal)		
- Buy foreign currency	**11,031**	**3,036**
- Sell foreign currency	**(16,460)**	**(13,193)**
Net exposure including forward currency contracts	**11**	**17**
As at 30 June 2023		
Cash and cash equivalents	14	32
Margin accounts	77	-
Receivables	161	308
Due from brokers – receivable for securities sold	1,505	-
Financial assets at fair value through profit or loss	17,326	23,855
Margin accounts	(6)	(117)
Due to brokers - payable for securities purchased	(2,404)	-
Financial liabilities at fair value through profit or loss	(28)	-
Net exposure	16,645	24,078
Net increase/(decrease) in exposure from forward currency contracts (notional principal)		
- Buy foreign currency	-	-
- Sell foreign currency	(16,549)	(24,037)
Net exposure including forward currency contracts	96	41

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2023: +/-10%) against the significant foreign currencies to which the Fund is exposed.

iii. Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

3. Financial risk management (continued)

a. Market risk (continued)

iii. Cash flow and fair value interest rate risk (continued)

The Fund's interest bearing financial instruments expose it to risks associated with the effects of fluctuation in the prevailing levels of market interest rate on its financial positions and cash flows. The risk is measured using sensitivity analysis.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

The Fund's main interest rate risk arises from its investments in Floating interest rate notes.

Interest rate risk is managed by using derivatives such as interest rate futures to reduce interest rate risks incurred by investment in floating interest rate notes. The Fund cannot invest in fixed-rate (i.e. not floating-rate) debt securities with a term to maturity of longer than 12 months unless it reduces the interest rate risk.

The table below summarises the Fund's exposure to interest rate risk at the end of the reporting period.

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
As at 30 June 2024				
Financial assets				
Cash and cash equivalents	**20,877**	**-**	**-**	**20,877**
Margin accounts	**2,337**	**-**	**-**	**2,337**
Receivables	**-**	**-**	**2,910**	**2,910**
Due from brokers – receivable for securities sold	**-**	**-**	**18,896**	**18,896**
Financial assets at fair value through profit or loss	**207,553**	**105,825**	**1,224**	**314,602**
Total financial assets	**230,767**	**105,825**	**23,030**	**359,622**
Financial liabilities				
Distributions payable	**-**	**-**	**5,939**	**5,939**
Margin accounts	**584**	**-**	**-**	**584**
Payables	**-**	**-**	**300**	**300**
Due to brokers - payable for securities purchased	**-**	**-**	**4,300**	**4,300**
Financial liabilities at fair value through profit or loss	**-**	**-**	**494**	**494**
Total financial liabilities	**584**	**-**	**11,033**	**11,617**
Net exposure	**230,183**	**105,825**	**11,997**	**348,005**
As at 30 June 2023				
Financial assets				
Cash and cash equivalents	25,723	-	-	25,723
Margin accounts	3,577	-	-	3,577
Receivables	-	-	3,732	3,732
Due from brokers – receivable for securities sold	-	-	19,249	19,249
Financial assets at fair value through profit or loss	251,347	97,741	643	349,731
Total financial assets	280,647	97,741	23,624	402,012
Financial liabilities				
Distributions payable	-	-	4,264	4,264
Margin accounts	123	-	-	123
Payables	-	-	5,113	5,113
Due to brokers - payable for securities purchased	-	-	2,404	2,404
Financial liabilities at fair value through profit or loss	-	-	498	498
Total financial liabilities	123	-	12,279	12,402
Net exposure	280,524	97,741	11,345	389,610

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that the interest rates changed by +/- 200 basis points (2023: +/- 200 basis points) from the year end rates with all other variables held constant.

3. Financial risk management (continued)

b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders 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 foreign exchange rates, 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, markets 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 net assets attributable to unit holders					
	Price risk		Foreign exchange risk		Interest rate risk	
	+10%	-10%	+10%	-10%	+200bps	-200bps
	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 June 2024	**31,411**	**(31,411)**	**437**	**(437)**	**4,604**	**(4,604)**
As at 30 June 2023	34,923	(34,923)	(43)	43	5,610	(5,610)

c. Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, margin accounts, amounts due to from brokers and other receivables.

The Fund determines credit risk and measures expected credit losses for the financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of A+ or higher and are callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

i. Debt securities

The Fund invests in debt securities which have an investment grade categorisation as rated by various credit agencies. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies. All debt securities must have a minimum investment grade as outlined in the Fund's Product Disclosure Statement.

An analysis of debt by rating is set out in the table below.

	As at	
	30 June 2024 $'000	30 June 2023 $'000
Floating rate notes		
Rating		
AAA to A	**131,417**	98,350
A- to BBB+	**74,491**	138,203
BBB to BBB-	**1,645**	14,794
Total	**207,553**	251,347
Fixed interest notes		
Rating		
AAA to A	**48,467**	31,630
A- to BBB+	**56,874**	59,260
BBB to BBB-	**484**	6,851
Total	**105,825**	97,741

3. Financial risk management (continued)

c. Credit risk (continued)

ii. Derivative financial instruments

The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. Credit risk associated with favourable contracts is reduced by master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangements.

Refer to Note 4 to the financial statements for further analysis of the Fund's master netting arrangements.

iii. Settlement of securities transactions

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 the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

iv. Cash and cash equivalents, due from brokers and margin accounts

The exposure to credit risk for cash and cash equivalents and margin accounts is low as all counterparties have a rating of A+ (as determined by Standard & Poors) or higher.

The counterparties rating as at 30 June 2024 were Australia and New Zealand Banking Group with a credit rating of AA-, National Australia Bank with a credit rating of AA-, JP Morgan Chase Bank N.A with a credit rating of A+, Westpac Banking Corporation with a credit rating of AA-. The counterparties rating as at 30 June 2023 were Australia and New Zealand Banking Group with a credit rating of AA-, National Australia Bank with a credit rating of AA-, Arab Bank with an unrated credit rating, Bell Potter with an unrated credit rating and JP Morgan Chase Bank N.A with a credit rating of A+.

v. Other

The Fund is not significantly exposed to credit risk on other financial assets.

vi. Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

d. 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 significantly disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash, as the majority are issued by Australian state governments or highly rated companies listed on the Australian Securities Exchange (ASX) or foreign equivalent. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

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 interests of unit holders. The Fund did not reject or withhold any redemptions during 2024 and 2023.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis, and the Board reviews them on a quarterly basis. Compliance with the Fund's policy is reported to the Board at least quarterly.

i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

3. Financial risk management (continued)

d. Liquidity risk (continued)

ii. Maturities of netted settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month $'000	1 to 6 months $'000	6 to 12 months $'000	Over 12 months $'000	Total $'000
As at 30 June 2024					
Net settled derivatives					
Futures contracts	**-**	**254**	**-**	**-**	**254**
Forward currency contracts	**476**	**-**	**-**	**-**	**476**
Total net settled derivatives	**476**	**254**	**-**	**-**	**730**
As at 30 June 2023					
Net settled derivatives					
Futures contracts	-	598	-	-	598
Forward currency contracts	453	-	-	-	453
Total net settled derivatives	453	598	-	-	1,051

4. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement 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 statement of financial position are disclosed in the first three columns of the tables below.

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial instruments $'000	Gross amounts set off in the statement of financial position $'000	Net amount of financial assets presented in the statement of financial position $'000	Amounts subject to master netting arrangement $'000	Collateral received/ pledged $'000	Net amount $'000
As at 30 June 2024						
Financial assets						
Futures contracts	**287**	**-**	**287**	**-**	**1,662**	**1,949**
Forward currency contracts	**937**	**-**	**937**	**-**	**340**	**1,277**
Interest rate swaps	**-**	**-**	**-**	**-**	**335**	**335**
Total	**1,224**	**-**	**1,224**	**-**	**2,337**	**3,561**
Financial liabilities						
Futures contracts	**33**	**-**	**33**	**-**	**-**	**33**
Forward currency contracts	**461**	**-**	**461**	**-**	**580**	**1,041**
Interest rate swaps	**-**	**-**	**-**	**-**	**4**	**4**
Total	**494**	**-**	**494**	**-**	**584**	**1,078**

4. Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Amounts subject to master netting arrangement	Collateral received/ pledged	Net amount
	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 June 2023						
Financial assets						
Futures contracts	626	-	626	-	2,847	3,473
Forward currency contracts	17	-	17	-	350	367
Interest rate swaps	-	-	-	-	380	380
Total	643	-	643	-	3,577	4,220
Financial liabilities						
Futures contracts	28	-	28	-	117	145
Forward currency contracts	470	-	470	-	-	470
Interest rate swaps	-	-	-	-	6	6
Total	498	-	498	-	123	621

a. Master netting arrangement – not currently enforceable due to a termination trigger event

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as termination trigger event arising from an event of default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off arising from a termination trigger event, these amounts have not been offset in the statement of financial position, but have been presented separately in the above table.

5. Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 6 and Note 7)
- Derivative financial instruments (see Note 8)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement 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 asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements.

a. Valuations using level 1 inputs

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open positions, as appropriate.

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.

5. Fair value measurement (continued)

a. Valuations using level 1 inputs (continued)

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.

b. Valuation using level 2 inputs

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Fund invests in debt securities, corporate and government bonds and treasury securities. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as level 2.

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

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.

Specific valuation techniques using observable inputs used to value financial instruments include:

- Debt instruments are valued using quoted market prices or dealer quotes for similar instruments.
- Forward currency contracts are valued at the present value of future cash flows based on the forward exchange rates at the balance sheet date.

c. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2024				
Financial assets				
Futures contracts	**287**	**-**	**-**	**287**
Floating rate notes	**-**	**207,553**	**-**	**207,553**
Fixed interest notes	**-**	**105,825**	**-**	**105,825**
Forward currency contracts	**-**	**937**	**-**	**937**
Total financial assets	**287**	**314,315**	**-**	**314,602**
Financial liabilities				
Futures contracts	**33**	**-**	**-**	**33**
Forward currency contracts	**-**	**461**	**-**	**461**
Total financial liabilities	**33**	**461**	**-**	**494**
As at 30 June 2023				
Financial assets				
Futures contracts	626	-	-	626
Floating rate notes	-	251,347	-	251,347
Fixed interest notes	-	97,741	-	97,741
Forward currency contracts	-	17	-	17
Total financial assets	626	349,105	-	349,731
Financial liabilities				
Futures contracts	28	-	-	28
Forward currency contracts	-	470	-	470
Total financial liabilities	28	470	-	498

5. Fair value measurement (continued)

d. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

e. Financial instruments not carried at fair value

The financial instruments not measured at fair value through profit or loss include:

i. Cash and cash equivalents, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying values approximate fair value, because of their short-term nature and the high credit quality of counterparties; and

ii. Net assets attributable to unit holders, as the Fund routinely redeems and issues units at an amount equal to the proportionate share of Fund's net assets at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying value of net assets attributable to unit holders approximates their fair value. Any difference is not significant in the current year or prior year.

6. Financial assets at fair value through profit or loss

	As at	
	30 June 2024 $'000	30 June 2023 $'000
Floating rate notes	**207,553**	251,347
Fixed interest notes	**105,825**	97,741
Futures contracts	**287**	626
Forward currency contracts	**937**	17
Total financial assets at fair value through profit or loss	**314,602**	349,731

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

7. Financial liabilities at fair value through profit or loss

	As at	
	30 June 2024 $'000	30 June 2023 $'000
Futures contracts	**33**	28
Forward currency contracts	**461**	470
Total financial liabilities at fair value through profit or loss	**494**	498

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

8. Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments which have 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.

8. Derivative financial instruments (continued)

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk 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 Fund.

To mitigate leverage risk, the Fund monitors the overall exposures that leverage grants it, along with the potentially increased risks, and ensures that risks remain within internally set parameters.

The Fund holds the following derivatives:

a. Futures contracts

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 currency contracts

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

The Fund's derivative financial instruments measured at fair value at year end are detailed below:

	Contractual/ notional $'000	Assets $'000	Liabilities $'000
As at 30 June 2024			
Futures contracts	**(106,559)**	**287**	**33**
Forward currency contracts	**44,463**	**937**	**461**
Total derivatives	**(62,096)**	**1,224**	**494**
As at 30 June 2023			
Futures contracts	(96,089)	626	28
Forward currency contracts	40,133	17	470
Total derivatives	(55,956)	643	498

Information about the Fund's exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

9. Net assets attributable to unit holders - liability

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

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

	Year ended		Year ended	
	30 June 2024 Units '000	**30 June 2024 $'000**	30 June 2023 Units '000	30 June 2023 $'000
Assisted Investor Class				
Opening balance	**327,086**	**332,145**	498,018	500,971
Applications	**136,227**	**140,529**	74,577	75,507
Redemptions	**(173,806)**	**(178,790)**	(248,111)	(250,989)
Reinvestment of distributions	**4,427**	**4,531**	2,602	2,624
Increase/(decrease) in net assets attributable to unit holders	**-**	**3,158**	-	4,032
Closing balance	**293,934**	**301,573**	327,086	332,145
Institutional Class A				
Opening balance	**60,520**	**57,463**	90,758	85,408
Applications	**27,924**	**26,955**	16,937	16,007
Redemptions	**(40,874)**	**(39,357)**	(48,046)	(45,317)
Reinvestment of distributions	**861**	**822**	871	821
Increase/(decrease) in net assets attributable to unit holders	**-**	**547**	-	544
Closing balance	**48,431**	**46,430**	60,520	57,463
Base Fee Class				
Opening balance	**2**	**2**	2	2
Applications	**-**	**-**	-	-
Redemptions	**-**	**-**	-	-
Reinvestment of distributions	**-**	**-**	-	-
Increase/(decrease) in net assets attributable to unit holders	**-**	**-**	-	-
Closing balance	**2**	**2**	2	2
Closing balance		**348,005**		389,610

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 in the underlying assets of the Fund.

There are three separate classes of units. Each unit has the same rights attaching to it as all other units within that class.

As the units on issue comprise multiple classes of units with non-identical features, the Fund's net assets attributable to unit holders cannot be classified as equity, and therefore have continued to be classified as a liability in accordance with AASB 132 *Financial Instruments: Presentation.*

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

Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

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

10. Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2024 $'000	**30 June 2024 CPU**	30 June 2023 $'000	30 June 2023 CPU
Distributions - Assisted Investor Class				
September	**3,091**	**1.0000**	1,895	0.4500
December	**3,592**	**1.2000**	2,479	0.6500
March	**4,186**	**1.4000**	3,159	0.8500
June (payable)	**5,201**	**1.7693**	3,598	1.1000
Total distributions	**16,070**	**5.3693**	11,131	3.0500
Distributions - Institutional A Class				
September	**560**	**1.0000**	418	0.4500
December	**729**	**1.2000**	447	0.6500
March	**772**	**1.4000**	576	0.8500
June (payable)	**738**	**1.5244**	666	1.1000
Total distributions	**2,799**	**5.1244**	2,107	3.0500
Distributions - Base Fee Class				
September	**-******	**1.0000**	-****	0.4502
December	**-*****	**1.2005**	-***	0.6502
March	**-****	**1.3999**	-**	0.8499
June (payable)	**-***	**1.6856**	-*	1.0994
Total distributions	**-**	**5.2860**	-	3.0497
Total distributions	**18,869**		13,238	

*As at 30 June 2024, a total distribution of $38.54 (30 June 2023: $23.97) was declared for Base Fee Class unit holders.
**As at 31 March 2024, a total distribution of $31.56 (31 March 2023: $18.37) was declared for Base Fee Class unit holders.
***As at 31 December 2023, a total distribution of $26.74 (31 December 2022: $13.96) was declared for Base Fee Class unit holders.
****As at 30 September 2023, a total distribution of $22.05 (30 September 2022: $9.62) was declared for Base Fee Class unit holders.

11. Cash and cash equivalents

	As at	
	30 June 2024 $'000	30 June 2023 $'000
Cash at bank	**20,877**	25,723
Total cash and cash equivalents	**20,877**	25,723

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

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

	Year ended	
	30 June 2024 $'000	30 June 2023 $'000
Increase/(decrease) in net assets attributable to unit holders	**3,705**	4,576
Distributions to unit holders	**18,869**	13,238
Proceeds from maturity/sales of financial instruments at fair value through profit or loss	**498,726**	864,381
Payments for purchase of financial instruments at fair value through profit or loss	**(454,392)**	(707,826)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(6,960)**	(4,165)
Movement in margin accounts	**1,701**	6,107
Effect of foreign currency exchange rate changes on cash and cash equivalents	**58**	11
Net change in receivables	**(69)**	611
Net change in payables	**(268)**	161
Net cash inflow/(outflow) from operating activities	**61,370**	177,094

b. Non-cash operating and financing activities

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	**5,353**	3,445
Total non-cash operating and financing activities	**5,353**	3,445

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the 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.

13. Receivables

	As at	
	30 June 2024 $'000	30 June 2023 $'000
Interest receivable	**2,743**	2,662
GST receivable	**55**	67
Applications receivable	**112**	1,003
Total receivables	**2,910**	3,732

14. Payables

	As at	
	30 June 2024 $'000	30 June 2023 $'000
Management fees and costs payable	**178**	229
Performance fees payable	**31**	248
Redemptions payable	**91**	4,636
Total payables	**300**	5,113

15. 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 2024 $	30 June 2023 $
Ernst & Young		
Audit and other assurance services		
Audit and review of financial statements	**20,600**	21,785
Total auditor remuneration and other assurance services	**20,600**	21,785
Taxation services		
Tax compliance services	**9,556**	8,921
Total remuneration for taxation services	**9,556**	8,921
Total remuneration of Ernst & Young	**30,156**	30,706
PricewaterhouseCoopers		
Audit and other assurance services		
Audit of compliance plan	**1,880**	2,346
Total auditor remuneration and other assurance services	**1,880**	2,346
Total remuneration of PricewaterhouseCoopers	**1,880**	2,346

The auditors' remuneration is borne by the Fund. Fees are stated exclusive of GST.

16. Related party transactions

The Responsible Entity of Smarter Money Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to Coolabah Capital Investments (Retail) Pty Limited to act as Investment Manager for the Fund and Apex Fund Services Pty Ltd to act as Administrator, Custodian and Registrar for the Fund. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

ii. Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

iii. Other key management personnel

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

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

16. Related party transactions (continued)

c. Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2024 (30 June 2023: nil).

d. Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

e. Key management personnel loans

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 period.

f. Other transactions within the Fund

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

g. Responsible Entity fees, Investment Manager’s fees and other transactions

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2024	30 June 2023
	$	$
Management fees and costs for the year	**2,269,008**	2,950,146
Performance fees for the year	**1,312,766**	867,417
Management fees and costs payable at year end	**178,418**	229,355
Performance fees payable at year end	**31,192**	247,937

Equity Trustees Limited earned $271,128 (2023: $262,779) for Responsible Entity services provided to the Fund, paid from management fees and costs.

Under the terms of the Fund’s Constitution and Product Disclosure Statement, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Product Disclosure Statement for information on how management fees and costs are calculated.

Under the terms of the Fund’s Constitution and Product Disclosure Statement, the Investment Manager is also entitled to receive a performance fee in relation to the performance of the fund. For information on how performance fees are calculated please refer to the Fund’s Product Disclosure Statement.

16. Related party transactions (continued)

h. Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other Funds managed by Equity Trustees Limited), held units in the Fund as follows:

	Number of units held opening	Number of units held closing	Fair value of investment $	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund $
Unit holder							
As at 30 June 2024							
COR Capital Fund	**3,092,363**	**1,779,440**	**1,825,705**	**0.5246**	**137,782**	**(1,450,705)**	**138,514**
Coolabah Capital Investments (Retail) Pty Limited <Trustee for the Coolabah Capital Investments (Retail) Unit Trust>	**2,180**	**2,286**	**2,253**	**0.001**	**106**	**-**	**119**
Unit holder							
As at 30 June 2023							
COR Capital Fund	3,990,712	3,092,363	3,140,295	0.8060	87,553	(985,902)	93,537
Coolabah Capital Investments (Retail) Pty Limited <Trustee for the Coolabah Capital Investments (Retail) Unit Trust>	2,114	2,180	2,124	0.001	66	-	66

i. Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2023: nil).

17. Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Fund for the year ended on that date.

18. Contingent assets and liabilities and commitments

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

Directors' declaration

In the opinion of the directors of the Responsible Entity:

a. The financial statements and notes set out on pages 6 to 31 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 2024 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) confirms that the financial statements also comply with the 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 Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.

Andrew P Godfrey
Director

Melbourne
27 September 2024

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Independent Auditor's Report to the unit holders of Smarter Money Fund

Opinion

We have audited the financial report of Smarter Money Fund (the Fund), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund 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 2024 and of its financial performance for the year ended on that date; 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 (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.

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

Information other than the Financial Report and Auditor's Report Thereon

The Directors of the Equity Trustees Limited (the Responsible Entity) are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 of the Responsible Entity 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 of the Responsible Entity 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 of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity 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 judgment 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 of the Responsible Entity.

- Conclude on the appropriateness of the directors of the Responsible Entity's 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 of the Responsible Entity 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.

Ernst & Young

Ernst & Young

Jonathan Hall
Partner
Sydney
27 September 2024

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