La Trobe financial

LA TROBE AUSTRALIAN CREDIT FUND

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Brookfield | A portfolio company

Looking out for *you*®

THE FUND

LA TROBE AUSTRALIAN CREDIT FUND
ARSN 088 178 321

THE CUSTODIAN

PERPETUAL CORPORATE TRUST LIMITED
ACN 000 341 533

THE RESPONSIBLE ENTITY

LA TROBE FINANCIAL ASSET MANAGEMENT LIMITED
ACN 007 332 363

THE INVESTMENT MANAGER

LA TROBE FINANCIAL SERVICES PTY LIMITED
ACN 006 479 527

Enquiries

T (03) 8610 2800
E info@latrobefinancial.com.au
W www.latrobefinancial.com

Whom to Contact

If you would like to find out more about how La Trobe Financial can help your organisation or more information regarding La Trobe Financial generally, please contact our Chief Investment Officer, Chris Paton.

Industry Body Memberships

Mortgage & Finance Association of Australia (MFAA)
Australian Securitisation Forum (ASF)
Asia Society
Business Council of Australia (BCA)
Financial Services Council (FSC)

AUDITOR OF THE FUND

Ernst & Young
8 Exhibition Street, Melbourne, Victoria, Australia, 3000
T (03) 9288 8000

EXTERNAL COMPLAINTS RESOLUTION BODY

Australian Financial Complaints Authority Limited
ABN: 38 620 494 340
P GPO Box 3, Melbourne, VIC, Australia, 3001
T 1800 931 678
E info@afca.org.au

IMPORTANT

The La Trobe Australian Credit Fund (**the Fund**) is a registered Managed Investment Scheme as registered by the Australian Securities & Investments Commission (**ASIC**) on 14 July 1999. The Fund previously operated as a private non-regulated credit manager from November 1989. Following changes to corporations legislation in 1997 relating to the operation of non-regulated investment schemes, the Fund was constituted on 16 June 1999 and registered with ASIC on 14 July 1999. The Fund will terminate on 16 June 2079 unless terminated earlier in accordance with the provisions of the Fund Constitution. La Trobe Financial Asset Management Limited, the Responsible Entity, holds an Australian Financial Services Licence issued by ASIC and is an authorised user of the "La Trobe Financial" trademark.

The Interim Financial Report was authorised for issue by the directors of the Responsible Entity on 3 March 2023. The Responsible Entity has the power to amend and reissue the Interim Financial Report. La Trobe Financial believes that statements of opinion or fact in this document or any accompanying letter which are additional to the Interim Financial Report of the Fund and the Auditor's Report on the Interim Financial Report are accurate. However, none of the related companies of La Trobe Financial assume any responsibility for reliance upon any such statements or any representations expressed or implied or for any omissions which may have occurred in them.

None of the related La Trobe Financial entities herein or any other related companies guarantee particular representations herein.

Head Office

Level 25, 333 Collins Street
Melbourne VIC Australia 3000

Sydney Office

Level 9, Chifley Tower, 2 Chifley Square,
Sydney NSW Australia 2000

Shanghai Office

Level 23, 5 Corporate Avenue, 150 Hubin Road,
Shanghai China 200021

The La Trobe Australian Credit Fund is an Australian Registered Managed Investment Scheme ARSN 088 178 321. The Responsible Entity of the Scheme under the Corporations Act 2001 is La Trobe Financial Asset Management Limited ABN 27 007 332 363 (**La Trobe Financial**).

Neither the Responsible Entity nor La Trobe Financial Services Pty Limited (as **Investment Manager**), nor any of their related companies, guarantees the performance of the Fund or the return of the investment, nor will any of the aforesaid companies other than La Trobe Financial incur any liability to investors in the Fund.

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MESSAGE FROM THE CHIEF INVESTMENT OFFICER

The 2022 year began with much optimism. Australia's economy had withstood two years of ongoing pandemic-induced interruption to achieve 50-year low unemployment, record low interest rates and a surging property market.

No sooner had the year began, simmering geopolitical tensions turned to war when Russia invaded the Ukraine in February 2022. Economically, the Ukraine war triggered a wave of consequences globally, exacerbating already-stressed supply chains, and seeing the cost of energy soar. Inflation, which had been showing signs of life after a multi-decade hiatus, suddenly accelerated with quarterly prints of 5.1% (Q1), 6.1% (Q2), 7.3% (Q3) and 7.8% (Q4).

Indeed, global inflation and the responses of central banks became the defining economic story of 2022. Our Reserve Bank of Australia (RBA) was initially reluctant to cede its previous guidance of 'no rate rises until 2024'. When ultimately it did increase rates at its May 2022 meeting, the direction of inflation was already firmly set. The RBA would raise rates at each subsequent meeting in 2022, taking rates from 0.10% to close out the year at 3.10%. The fastest hike of this magnitude in our history has continued with the bank again lifting rates in its February 2023 meeting to 3.35%.

The nature of this current inflation cycle – being primarily supply-side driven – is less responsive to movements in official cash rates which are from the RBA's demand-side toolkit. Accordingly, the RBA will likely continue to hit the consumer hard in an attempt to change the spending patterns and behaviours, while trying to cool the economy but not push it into recession.

The secondary story of 2022 was the decline of residential property prices across the country. From a national peak in April 2022 which had seen prices increase by some 28.6% across the country, prices are now down 8.9% nationally to the end of January 2023. This includes double digit falls in Sydney (-13.8%), Hobart (-10.8%), and Brisbane (-10.7%), while Melbourne, at -9.3%, is not too far behind. Our long-held view of a likely 15-20% correction nationally appears likely, and to date holds broad consensus.

Considering the headwinds of 2022, one could safely assume that the wider economy would be showing deeper signs of stress. However, fuelled by low unemployment and strong household savings, 2022 saw economic output continue, with the Australian economy outperforming most developed economies.

For investors, the hallmark of modern markets is perpetual volatility – a state of 'perma-crisis' – and certainly 2022 was no different. Fortunately, the Credit Fund is constructed to perform through periods of pronounced volatility, with our 89,000 investors enjoying the benefits of inflation-responsive, income generating products offering low volatility and downside protection. Indeed, in the six-months to December 2022, distributions paid to investors totalled a phenomenal $207m.

At 31 December 2022, the Credit Fund held an impressive 12,294 individual mortgage-secured loans across Australia, with the average loan size within our portfolios just $677,613 at a conservative average loan-to-valuation ratio of 62.6%. Highly diversified and with granular exposures across location and sector, these assets are carefully selected with rigor and discipline by our highly-trained Real Estate Credit Finance team which helps drive the cross-cyclical performance of the Credit Fund.

At a corporate level, 2022 was also a year of milestones. In May 2022, La Trobe Financial welcomed new owners, with entities associated with Brookfield Asset Management Ltd acquiring the business. In August 2022, La Trobe Financial celebrated its 70th anniversary, a rare achievement in modern-business for an organisation to pass seven decades of unwavering commitment to an asset class. In October 2022, our flagship 12 Month Term Account celebrated 20 years in operation. As one of the highest rated and widely awarded investment accounts in its asset class, the 12 Month Term Account – like each of our portfolio accounts – concludes 2022 with its impeccable track record well intact: no loss of investor capital (ever), every monthly distribution being made in full at the advertised rate, and all scheduled maturity redemptions being made on time and in full.

The ongoing performance of La Trobe Financial, the Credit Fund, and the underlying accounts was underscored by the range of awards and ratings received throughout 2022. In December, the flagship 12 Month Term Account was awarded a record 14th consecutive award as "Best Credit Fund – Mortgages" by *Money* magazine. The 12 Month Term Account also retained the support from Australia's independent ratings houses, while independent ratings house, Foresight Analytics, reaffirmed the industry leading 'Superior' rating for La Trobe Financial.

The entire team at La Trobe Financial remains committed to placing the customer at the heart of everything we do, and are thankful for the continued, deep support of our 89,000 valued investors across Australia and the world. Both directly and through our network of financial adviser relationships, we remain entirely focused on delivering the highest stands of service not just across our sector but the wider financial services industry.

Thank you for your interest and for your investment.

Yours sincerely,

Chris Paton

Chief Investment Officer

Melbourne
3 March 2023

FUND PORTFOLIO COMPOSITION

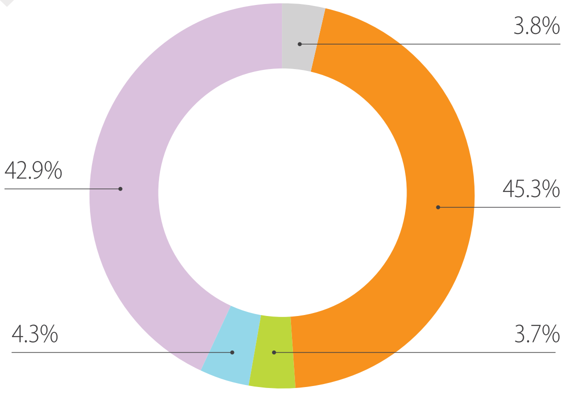
Investment & Security Types

	Dec 22			Jun 22		
Asset classification	**No. of Loans**	**Amount $'000**	**% of Total Loan Amounts**	**No. of Loans**	**Amount $'000**	**% of Total Loan Amounts**
Cash		361,176			204,241	
Credit Assets		281,585			244,131	
Mortgage Investments						
– Residential	8,447	5,434,223	65.3%	8,580	5,014,854	69.6%
– Commercial	1,580	1,067,995	12.8%	1,416	848,654	11.8%
– Construction & Development	288	591,595	7.1%	222	387,396	5.4%
– Industrial	1,450	842,197	10.1%	1,435	702,821	9.7%
– Vacant Land	489	383,139	4.6%	409	248,036	3.4%
– Rural	40	11,423	0.1%	40	9,986	0.1%
TOTAL	**12,294**	**8,330,572**	**100.0%**	**12,102**	**7,211,747**	**100.0%**
Total Assets Under Management (AUM)		**8,973,333**			**7,660,119**	

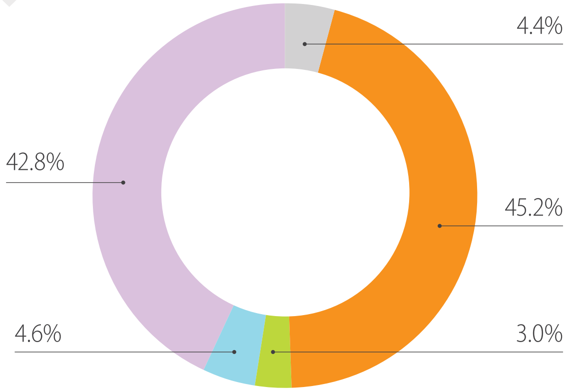
Funding Sources

	Dec 22		Jun 22	
Source	**Amount $'000**	**%**	**Amount $'000**	**%**
Authorised Representatives	335,486	3.8%	334,264	4.4%
Financial Planner	3,999,342	45.3%	3,433,804	45.2%
Institutional	326,657	3.7%	227,907	3.0%
Referrer	379,629	4.3%	349,458	4.6%
Retail	3,787,456	42.9%	3,251,478	42.8%
Total	**8,828,570**	**100.0%**	**7,596,911**	**100.0%**
Borrower funds & accounts receivable	144,763		63,208	
Assets	**8,973,333**		**7,660,119**	

December 2022



June 2022



Authorised Representatives | Financial Planner | Instutional | Referrer | Retail

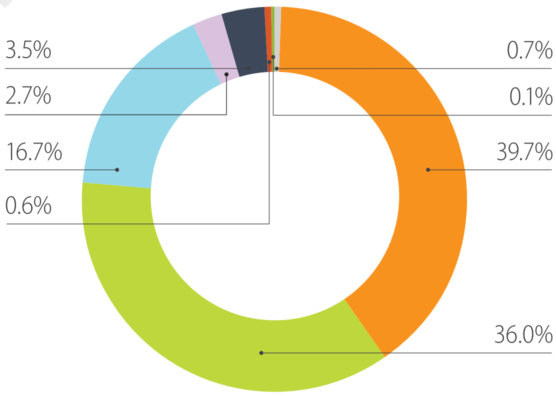
For the purpose of the Fund Portfolio Composition all Investment Accounts are aggregated, as La Trobe Financial is responsible for all investors.

FUND PORTFOLIO COMPOSITION

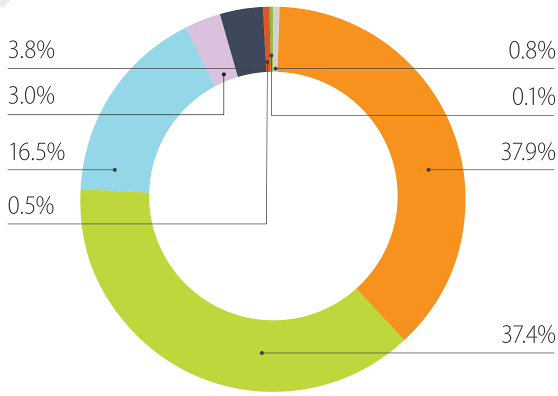
Distribution by State

	Dec 22			Jun 22		
State	**No of Loans**	**Amount $'000**	**% Book**	**No of Loans**	**Amount $'000**	**% Book**
Cash		361,176			204,241	
Credit Assets		281,585			244,131	
Mortgage Investments						
– ACT	102	56,648	0.7%	101	55,570	0.8%
– NSW	3,193	3,305,219	39.7%	3,119	2,723,353	37.9%
– VIC	4,649	3,001,675	36.0%	4,570	2,687,163	37.4%
– QLD	3,055	1,390,667	16.7%	2,980	1,209,866	16.5%
– SA	516	227,018	2.7%	528	215,218	3.0%
– WA	623	293,840	3.5%	636	272,943	3.8%
– TAS	132	47,907	0.6%	140	38,743	0.5%
– NT	24	7,598	0.1%	28	8,891	0.1%
Total	**12,294**	**8,330,572**	**100.0%**	**12,102**	**7,211,747**	**100.0%**
Total Assets Under Management (AUM)		**8,973,333**			**7,660,119**	

December 2022



June 2022



DIRECTORS' REPORT

In accordance with the *Corporations Act 2001*, the directors of La Trobe Financial Asset Management Limited (**La Trobe Financial**) as Responsible Entity for the La Trobe Australian Credit Fund (**the Fund**) present their report together with the Financial Report of the Fund for the half year ended 31 December 2022 and auditor's review report thereon.

The Fund

The Fund is a managed investment scheme which was registered with the Australian Securities & Investments Commission on 14 July 1999 for the purposes of Part 5C.1 of the *Corporations Act 2001*.

The Fund has received applications for investments under a Product Disclosure Statement and has maintained greater than 100 investors at all times since inception. Accordingly, the Fund is a disclosing entity as defined by the Corporations Act 2001.

The Responsible Entity

La Trobe Financial as Responsible Entity for the Fund operated with a Securities Dealer's Licence from 14 July 1999 until, in accordance with amendments to the *Corporations Act 2001*, it received an Australian Financial Services Licence (**AFSL**) (AFSL No: 222213) on 1 October 2002. In accordance with the introduction of the *National Consumer Credit Protection Act 2009* (**NCCP**) the Responsible Entity also obtained an Australian Credit Licence (**ACL**) (ACL No: 222213) on 6 April 2011.

The Responsible Entity is a 100% owned subsidiary of La Trobe Financial Pty Limited. Brookfield Asset Management Ltd, incorporated in Canada, holds a 100% interest in La Trobe Financial Pty Limited.

The independent Compliance Committee of La Trobe Financial, comprising a majority of Members who are independent, was formed in accordance with Part 5C.5 of the *Corporations Act 2001*. The Compliance Committee has a primary focus of ensuring compliance with the licensing and regulatory obligations of the Responsible Entity. The following persons were Members of the Compliance Committee during the half year ended 31 December 2022 and up to the date of this Directors' Report:

Independent Compliance Committee Members

Mr JW Marriott, Chairman
Mr G Parlevliet

Executive Compliance Committee Members

Mr CG Andrews (resigned 13 September 2022)
Mr CAJ Paton (appointed 13 September 2022)

The following persons were Directors of La Trobe Financial during the half year ended 31 December 2022 and up to the date of this Directors' Report:

Mr RJ Donohoue
Mr CG Andrews
Mr CAJ Paton
Mr MJ Barry

The Investment Manager

The contracted Investment Manager for the Fund is La Trobe Financial Services Pty Limited (**the Investment Manager**), which is a related company of La Trobe Financial and is contracted on normal commercial terms and conditions. The retail investment operations were originally founded and commenced by the Investment Manager in November 1989 and in order to meet national regulatory requirements formed the Fund in 1999 by obtaining an ASIC Securities Dealer's Licence which later became an AFSL.

The Custodian

The custodian of mortgage investments for the Fund is Perpetual Corporate Trust Limited (**the Custodian**), appointed by La Trobe Financial Asset Management Limited, in its capacity as Responsible Entity for the Fund.

Principal activities

During the half year ended 31 December 2022, the Fund maintained its investment activities in cash and targeting fixed or variable interest rate mortgage assets and other credit instruments as described in the current Product Disclosure Statement (**PDS**) and in accordance with the provisions of the Fund's Constitution and the Responsible Entity's Compliance Plan.

There have been no significant changes in the nature of activities during the half year ended 31 December 2022.

DIRECTORS' REPORT

Significant changes in state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Fund that occurred during the half year ended 31 December 2022.

Review of operations

As described in the Fund's PDS, the Fund operates with seven investment accounts for investors:

- Classic Notice Account;
- 90 Day Notice Account;
- 6 Month Notice Account;
- 12 Month Term Account;
- 2 Year Account;
- 4 Year Account; and
- Select Investment Account.

Each investment account (and investment mandate) has a different risk reward profile for its investors. All accounts apart from the Select Investment Account operate as pooled accounts.

As outlined in the PDS, the Select Investment Account comprises both 'peer-to-peer' investments that are available to all investors in the Fund and Special Mandates, being:

- 'peer-to-peer' loans secured by second or subsequent mortgages;
- specific investment mandates agreed with individual investors; and
- third party originated books for which La Trobe Financial takes on the administration on a "workout recovery basis". These portfolios operate as a pool and are referred to as "Closed Investment Mandates".

For the purpose of the Interim Financial Report, the Fund is required by Accounting Standards to de-recognise a component of the Select Investment Account (referred to as the 'managed' component) on the basis, amongst others factors, the risks and rewards of mortgages associated with 'peer-to-peer' mortgage investments reside directly with the investors who have selected that specific mortgage asset or determined the specific investment mandate. The remaining component of the Select Investment Account is referred to as the 'recognised' component and comprises Closed Investment Mandates. All other Investment Accounts are recognised in full.

La Trobe Financial does not guarantee the performance of any account or mandate, however, all accounts apart from the 4 Year Account and Select Investment Account benefit from specific dedicated Investor Reserves.

Hardship

It is recognised that a borrower's life circumstances may change occasionally, influencing their ability to maintain their repayment obligations. It is a requirement of the NCCP to assist borrowers who may be experiencing hardship whenever possible. Hardship assistance can be provided in many forms to suit the circumstances of the borrowers. The effect on arrears will depend on whether repayments are capitalised and timing of that capitalisation which may be upfront or at conclusion of the hardship arrangement.

Hardship is split into three categories for better understanding of the cause of hardship. Natural Disaster relates to events such as bushfire or floods. Pandemic relates to broad community based health crises such as COVID-19 that may also have significant economic ramifications. Individual circumstance captures all other causes of hardship and typically is related to temporary loss of employment or borrower health concerns.

DIRECTORS' REPORT

Funds and Assets Under Management

For the purpose of the Directors' Report, all Investment Accounts of the Fund are aggregated, as La Trobe Financial is responsible for all investors' interests. These Investment Accounts in aggregate are referred to as 'Funds Under Management' (when referring to monies contributed by investors) and as 'Assets Under Management' (when referring to the total receivable from borrowers, note balances and cash).

The performance of the Fund in relation to Funds Under Management was as follows:

Funds Under Management Statistics	Dec 2022	Jun 2022	Dec 2021
Average annualised rate of return to investors for the period:			
– Classic Notice Account(1)	**3.67%**	**1.00%**	**0.85%**
– 90 Day Notice Account(1)	**3.71%**	**1.60%**	**2.15%**
– 6 Month Notice Account(1)	**4.24%**	**1.74%**	**2.44%**
– 12 Month Term Account(1)	**5.17%**	**3.72%**	**4.26%**
– 2 Year Account(1)	**5.33%**	**3.82%**	**4.62%**
– 4 Year Account(1)	**6.57%**	**4.86%**	**5.37%**
– Select Investment Account(2)	**6.93%**	**7.85%**	**7.11%**
Number of registered investors	89,000	81,247	72,634

	Dec 2022 $'000	Jun 2022 $'000	Dec 2021 $'000
Investors' interest expense paid or payable in each Fund account:			
– Classic Notice Account	10,092	2,902	1,976
– 90 Day Notice Account	5,320	2,757	3,765
– 6 Month Notice Account	1,206	487	337
– 12 Month Term Account	168,770	107,278	108,968
– 2 Year Notice Account	1,708	940	1,122
– 4 Year Account	9,266	6,053	5,690
Total investors' interest expense paid and payable (excluding Select Investment Account)	**196,362**	**120,417**	**121,858**
– Select Investment Account	10,788	13,497	16,018
Total investors' interest expense paid and payable	**207,150**	**133,914**	**137,876**

(1) Based on a nominal dollar in the Fund for six months with no reinvestment. The above measure of average rate of return is only a measure of a nominal dollar in the relevant Account of the Fund and may not be indicative of an individual investment. No guarantee can be given that future performance will be as reflected by data of past performance.
(2) Rate of all interest paid to investors based on an average nominal rate for mortgage investment in the Fund's Select Investment for six months with no reinvestment and assumes rates remain constant. The above average rate of return is based on an aggregate of the total Select Investment Account may not be indicative of an individual investment. No guarantees can be given that future performance will be as reflected by data of past performance.

DIRECTORS' REPORT

The movements in Investors Funds Under Management during the year are set out below and in Notes 7 through 12. The level of redemptions varies by Account, reflecting the different purpose and notice periods for each Account as outlined in the PDS.

	Jun 2022 balance $'000	Applications $'000	Redemptions $'000	Dec 2022 balance $'000
Classic Notice Account	507,258	569,000	(336,257)	740,001
90 Day Notice Account	325,908	60,969	(89,176)	297,701
6 Month Notice Account	52,131	59,064	(18,175)	93,020
12 Month Term Account	6,073,303	1,709,818	(755,909)	7,027,212
2 Year Account	59,136	14,089	(534)	72,691
4 Year Account	266,895	44,020	(2,501)	308,414
Total Funds Under Management (FUM) (excluding Select Investment Account)	**7,284,631**	**2,456,960**	**(1,202,552)**	**8,539,039**
Select Investment Account	312,280	113,812	(136,561)	289,531
Total Fund	**7,596,911**	**2,570,772**	**(1,339,113)**	**8,828,570**

The performance of the Fund in relation to Assets Under Management was as follows:

Assets Under Management Statistics(1)	Dec 2022 $'000	Jun 2022 $'000	Dec 2021 $'000
Mortgages – 'managed'(2)	289,531	312,280	393,514
Mortgages – 'recognised'	8,041,041	6,899,467	6,259,368
Total Mortgage Investments	**8,330,572**	**7,211,747**	**6,652,882**
Note Investments	281,585	244,131	179,321
Cash	361,176	204,241	418,815
Total Assets Under Management (AUM)	**8,973,333**	**7,660,119**	**7,251,018**
Assets Under Management growth rate	17.1%	5.6%	18.8%
Total number of mortgage investments	12,294	12,102	11,499
Average loan size	$677,613	$595,914	$578,562
Range of loan sizes	$100 - $24,467,900	$100 - $21,083,000	$10,000 - $25,000,000
Weighted average loan to valuation ratio	62.6%	63.0%	63.7%
Total loan arrears as % of total loans(3)	0.29%	0.43%	0.38%
Total income on mortgages, notes and cash during the half year ($'000)	306,672	182,761	185,965

(1) Financial measures presented here do not reflect adjustments to the Financial Statements included in this report in relation to Accounting Standards.
(2) Managed portion of mortgages refers to the Select Investment Account mortgages, which are derecognised within the Financial Statements.
(3) Loan arrears excludes all Special Mandates (including Closed Investment Mandates) in the Select Investment Account. These Special Mandates are excluded due to any losses being quarantined from other investors in the Fund.

DIRECTORS' REPORT

Geographical exposures

The Fund operates within Australia.

Mortgage investments under management by state or territory of Australia as at 31 December 2022:

State	No. of mortgages	% of no. mortgages	Weighted avg. LVR	Amount $'000	% of Amount
ACT	102	0.8%	67.4%	56,648	0.7%
NSW	3,193	26.0%	63.6%	3,305,219	39.7%
VIC	4,649	37.8%	65.2%	3,001,675	36.0%
QLD	3,055	24.8%	66.1%	1,390,667	16.7%
SA	516	4.2%	65.4%	227,018	2.7%
WA	623	5.1%	65.4%	293,840	3.5%
TAS	132	1.1%	63.6%	47,907	0.6%
NT	24	0.2%	65.0%	7,598	0.1%
Total Mortgage Investments	**12,294**	**100.0%**		**8,330,572**	**100.0%**

Mortgage investments under management by state or territory of Australia as at 30 June 2022:

State	No. of mortgages	% of no. mortgages	Weighted avg. LVR	Amount $'000	% of Amount
ACT	101	0.8%	69.6%	55,570	0.8%
NSW	3,119	25.8%	64.4%	2,723,353	37.9%
VIC	4,570	37.7%	65.2%	2,687,163	37.4%
QLD	2,980	24.6%	66.5%	1,209,866	16.5%
SA	528	4.4%	65.5%	215,218	3.0%
WA	636	5.3%	64.9%	272,943	3.8%
TAS	140	1.2%	63.0%	38,743	0.5%
NT	28	0.2%	63.9%	8,891	0.1%
Total Mortgage Investments	**12,102**	**100.0%**		**7,211,747**	**100.0%**

Investors may see the most recent Fund metrics updated at latrobefinancial.com.

Commitments and contingencies

The Fund does not have any commitments or contingent liabilities as at 31 December 2022.

DIRECTORS' REPORT

Events subsequent to balance date

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

(i) the operations of the Fund in future financial years;

(ii) the results of those operations in future financial years; or

(iii) the state of affairs of the Fund in future financial years.

Environmental regulations

La Trobe Financial recognises that it has an obligation to improve the wellbeing, including the environmental wellbeing, of the communities in which it operates. La Trobe Financial has a comprehensive suite of policies in place to ensure that it meets this obligation.

Indemnification and insurance of officers and auditors

The Responsible Entity was covered under an umbrella Directors and Officers insurance policy obtained by the ultimate parent company to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the exact nature of the liability covered and the amount of the premium.

The Investment Manager and the Responsible Entity have not agreed to indemnify the directors and officers of the Responsible Entity. The Investment Manager and the Responsible Entity have not agreed to indemnify nor taken out insurance cover in relation to the Fund's auditor or Custodian.

Rounding of amounts

The Fund is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

Ernst & Young were the auditor for the half year ended 31 December 2022. The Auditor's Independence Declaration is set out on page 12 and forms part of this Directors' Report.

This report is made in accordance with a resolution of the directors of La Trobe Financial Asset Management Limited.

Rowan Donohoue

Chairman
La Trobe Financial Asset Management Limited
Fund Responsible Entity

Melbourne
3 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of the La Trobe Australian Credit Fund

As lead auditor for the review of the half-year financial report of the La Trobe Australian Credit Fund for the half-year ended 31 December 2022, 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 review;

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

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

Ernst & Young

John McDonald
Partner
3 March 2023

BALANCE SHEET

As at 31 December 2022

	Note	Dec 2022 $'000	Jun 2022 $'000
ASSETS			
Investments			
Cash		361,176	204,241
Note investments		282,682	244,999
Mortgage investments		8,017,694	6,885,771
Total investments	5	**8,661,552**	**7,335,011**
Other assets			
Borrower receivables		41,295	30,827
Interest receivables		838	181
GST receivable		5,030	3,684
Total other assets		**47,163**	**34,692**
Total assets		**8,708,715**	**7,369,703**
LIABILITIES			
Accounts payable		70,460	64,073
Investor and borrower funds payable		99,216	20,999
Total liabilities (excluding investors' funds)		**169,676**	**85,072**
Net assets attributable to investors (investors' funds)	6	**8,539,039**	**7,284,631**
Represented by each Fund account:			
– Classic Notice Account		740,001	507,258
– 90 Day Notice Account		297,701	325,908
– 6 Month Notice Account		93,020	52,131
– 12 Month Term Account		7,027,212	6,073,303
– 2 Year Account		72,691	59,136
– 4 Year Account		308,414	266,895

The above Balance Sheet should be read in conjunction with the accompanying notes

INCOME STATEMENT

For the half year ended 31 December 2022

	Note	Dec 2022 $'000	Dec 2021 $'000
Revenue			
Interest on authorised investments			
– Cash		3,786	711
– Note investments		8,854	5,282
– Mortgage investments		254,595	140,099
Other revenue			
– Investment management fees		16,006	8,133
– Application fees		1,378	2,171
– Servicing fees		14,265	13,551
Total revenue		**298,884**	**169,947**
Operating expenses			
Investment management fees (trail advisory)			
– Responsible Entity		62,554	19,633
– Referral fees to third parties		18,815	13,502
Application fees (upfront advisory)			
– Responsible Entity		987	1,008
– Referral fees to third parties		391	1,163
Borrower and other fees			
– Responsible Entity		14,781	11,928
Bad and doubtful debts	5(d)	4,985	846
Other expenses		9	9
Total operating expenses		**102,522**	**48,089**
Interest expense			
Classic Notice Account		10,094	1,976
90 Day Notice Account		5,319	3,765
6 Month Notice Account		1,205	337
12 Month Term Account		168,770	108,968
2 Year Account		1,708	1,122
4 Year Account		9,266	5,690
Total interest expense		**196,362**	**121,858**
Profit for the half year		-	-

The above Income Statement should be read in conjunction with the accompanying notes

STATEMENT OF EQUITY ADJUSTMENTS

For the half year ended 31 December 2022

	Note	Dec 2022 $'000	Dec 2021 $'000
Profit for the half year		-	-
Direct equity adjustments		-	-
Profit plus direct equity adjustments		**-**	**-**

The above Statement of Equity Adjustments should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2022

	Note	Dec 2022 $'000	Dec 2021 $'000
Total equity			
– at the start of the half year		-	-
– profit plus direct equity adjustments		-	-
– transactions with owners		-	-
Profit plus direct equity adjustments		**-**	**-**

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

CASH FLOW STATEMENT

For the half year ended 31 December 2022

	Note	Dec 2022 $'000	Dec 2021* $'000
Cash flows from operating activities			
Net increase/(decrease) in investor funds		1,124,210	1,099,070
Net (increase)/decrease in mortgage investments		(1,123,135)	(1,297,206)
Net (increase)/decrease in note investments		(37,683)	(5,216)
Borrower interest repayments		266,203	145,768
Interest received on cash		3,129	736
Interest received on note investments		8,854	5,282
Investment management fees on managed mortgage investments		14,282	8,133
Application and servicing fees received		52,809	45,197
Investment management fees:			
– paid to Responsible Entity		(80,913)	(28,510)
– paid as referral fees to third parties		(54,041)	(41,645)
Borrower and other fees paid		(16,771)	(13,199)
Other operating expenses		(9)	(9)
Net cash inflow/(outflow) from operating activities		**156,935**	**(81,599)**
Net increase/(decrease) in cash		**156,935**	**(81,599)**
Cash held at the start of the half year		204,241	500,414
Cash at the end of the half year		**361,176**	**418,815**

* Amounts have been restated from investing/financing activities to operating activities.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General information

This Financial Report covers the La Trobe Australian Credit Fund (**the Fund**) as an individual reporting entity. The Fund is domiciled and registered in Australia and this Financial Report is presented in the Australian currency, which is the functional currency. The Responsible Entity of the Fund is La Trobe Financial Asset Management Limited (**La Trobe Financial**). The registered office of La Trobe Financial is Level 25, 333 Collins Street, Melbourne, Victoria, Australia 3000. The Investment Manager for the Fund is La Trobe Financial Services Pty Limited.

The Responsible Entity is responsible as Trustee for management of investors' subscriptions to the Fund. As stipulated within the Fund's Constitution, investors investing in the Fund hold a right as Tenants in Common in the Fund's underlying assets.

As described in the Fund's Product Disclosure Statement (**PDS**), the Fund operates with seven investment accounts for retail investors:

- Classic Notice Account;
- 90 Day Notice Account;
- 6 Month Notice Account;
- 12 Month Term Account;
- 2 Year Account;
- 4 Year Account; and
- Select Investment Account.

For the purpose of the Interim Financial Report, the Fund is required by Accounting Standards to de-recognise a component of the Select Investment Account (referred to as the 'managed' component) on the basis, amongst other factors, the risks and rewards of the mortgages associated with such 'peer-to-peer' mortgage investments reside directly with the investors who have selected that mortgage asset. The remaining component of the Select Investment Account is referred to as the 'recognised' component and comprises Closed Investment Mandates. All other accounts are recognised in full.

Although not required by Accounting Standards (as AASB 8 *Operating Segments* does not apply to non-listed entities), additional disclosures are made in Notes 7 through 12 as to the performance of the Fund's specific investment accounts, so as to improve transparency of reporting to investors.

Note 2 – Basis of preparation

This is a general purpose financial report that has been prepared in accordance with Accounting Standards including AASB 134 Interim Financial Reporting, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Unless otherwise stated, the Financial Statements have been prepared under the historical cost convention and the accounting policies adopted are consistent with those applied and outlined in the Fund's Annual Report for the year ended 30 June 2022, with the exception of policies associated with new standards and interpretations adopted during the period as discussed in Note 3 below. Assets and liabilities have been presented in order of liquidity, providing reliable and more relevant information, due to the nature of activities of the Fund.

The Financial Report has been prepared using 'plain English' phrases in lieu of AASB terminology and a separate Income Statement retained as permitted by AASB 101 Presentation of Financial Statements in order to improve the transparency of the Financial Report. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Balance sheet	Statement of financial position
Statement of equity adjustment	Statement of comprehensive income
Cash flow statement	Statement of cash flows
Direct equity adjustments	Other comprehensive income
Profit plus direct equity adjustments	Total comprehensive income
Shortfall	Expected credit loss
Key Executives	Key management personnel

Compliance with IFRS

The Interim Financial Report of the Fund complies with the International Financial Reporting Standard 34 (**IFRS**) and interpretations adopted by the International Accounting Standards Board (**IASB**).

Rounding of amounts

The Fund is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 3 – Impact of new accounting standards

(a) Current financial year

No new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) are relevant to the Fund's operations for the current period.

(b) Future financial years

Certain new accounting standards and interpretations have been published that are not mandatory for the half year ended 31 December 2022. The Responsible Entity has assessed that none of these will have a material impact on the Financial Statements.

Note 4 – Critical accounting estimates and judgements

(a) Critical accounting estimates and assumptions

La Trobe Financial makes accounting estimates and assumptions concerning the future performance of the Fund and its loan portfolios. The significant accounting estimates and assumptions made by the Responsible Entity in applying the Fund's accounting policies and the key sources of estimation are substantially similar to those applied to the Annual Report for the year ended 30 June 2022.

(b) Critical judgements in applying the entity's accounting policies

The financial model for provisioning of mortgage investments is dependent upon historic loss experience (which may have occurred in a different economic environment). La Trobe Financial has assessed the need for an additional "economic overlay" provision in the Fund to ensure provisioning is reflective of the expected future economic conditions and outcomes.

The economic overlay provision is based on multiple scenarios at the time of assessment as to future economic conditions which are then probability weighted in terms of likelihood of outcome as determined by La Trobe Financial.

The critical judgements have been reassessed by the Responsible Entity and are believed to still be appropriate and are therefore substantially similar to those applied to the Annual Report for the year ended 30 June 2022.

Note 5 – Investments

	Dec 2022 $'000	Jun 2022 $'000
Cash	361,176	204,241
Note investment – at amortised cost	282,682	244,999
Mortgage investments – at amortised cost	8,030,502	6,893,594
Less: Provision for mortgage impairment	(12,808)	(7,823)
Total investments	**8,661,552**	**7,335,011**

(a) Note investments

Recognised note investments comprise outstanding principal and effective interest rate adjustments (including accrued interest) as follows:

	Dec 2022 $'000	Jun 2022 $'000
Outstanding principal recognised	281,585	244,131
Effective interest rate adjustments	1,097	868
Note investments – at amortised cost	**282,682**	**244,999**

(b) Mortgage investments

Recognised mortgage investments comprise outstanding principal and effective interest rate adjustments (including accrued interest) as follows:

	Dec 2022 $'000	Jun 2022 $'000
Outstanding principal under management	7,999,746	6,868,746
Effective interest rate adjustments	30,756	24,848
Mortgage investments – at amortised cost	**8,030,502**	**6,893,594**

The single largest investment by the Fund (in all recognised mortgage investments) as at 31 December 2022 is $24,467,900 (30 June 2022: $21,082,400).

Outstanding principal under management is allocated between investment accounts as follows:

	Dec 2022 $'000	Jun 2022 $'000
Classic Notice Account (refer Note 7)	644,157	453,848
90 Day Notice Account (refer Note 8)	277,692	298,541
6 Month Notice Account (refer Note 9)	69,418	44,592
12 Month Term Account (refer Note 10)	6,900,318	5,994,906
2 Year Account (refer Note 11)	70,974	54,483
4 Year Account (refer Note 12)	37,187	22,376
Outstanding principal under management	**7,999,746**	**6,868,746**
Add: Borrower receivables	41,295	30,827
Total mortgage investments under management	**8,041,041**	**6,899,573**

(c) Provision for mortgage impairments

	Dec 2022 $'000	Jun 2022 $'000
Opening balance	7,823	12,707
Charge/(release) to the income statement	4,985	(4,884)
Closing balance	**12,808**	**7,823**

The total number of mortgage investments (which for any individual mortgage may comprise recognised and managed components) in possession at 31 December 2022 was 17 with aggregate past due balance of $16,655,000 (30 June 2022: 18 with aggregate past due balance of $17,118,000).

The provision can be allocated between investment accounts as follows:

	Dec 2022 $'000	Jun 2022 $'000
Classic Notice Account (refer Note 7)	3,401	2,001
90 Day Notice Account (refer Note 8)	1,198	794
6 Month Notice Account (refer Note 9)	363	18
12 Month Term Account (refer Note 10)	7,794	4,991
2 Year Account (refer Note 11)	34	13
4 Year Account (refer Note 12)	18	6
Total provision for mortgage impairment	**12,808**	**7,823**

	Performing $'000	Early Arrears $'000	Default $'000	Specific impaired $'000	Total $'000
Opening balance	1,224	865	2,823	2,911	7,823
– Transferred to Performing	31	(31)	-	-	-
– Transferred to Early Arrears	(1,269)	1,269	-	-	-
– Transferred to Default	(376)	(1,251)	1,627	-	-
– Transferred to Specific impaired	-	(144)	(401)	545	-
New and increased provisions (net of releases)	2,542	2,180	561	(298)	4,985
Charge/release to the Income Statement	928	2,023	1,787	247	4,985
Closing balance	**2,152**	**2,888**	**4,610**	**3,158**	**12,808**

The net increase in the total provisions for mortgage impairments during the half year is reflective of La Trobe Financials consistent and prudent approach in uplifting economic overlay provisions to mitigate against any downside credit risk as a result of current and potential future volatility within the economy due to local and global supply chain issues, increasing interest rates and decreasing property prices.

(d) Bad and doubtful debts

	Dec 2022 $'000	Dec 2021 $'000
Mortgage investments written off	292	2,134
Less: Recoveries on amounts previously written off	(292)	(54)
Net shortfall (recovery) crystallised	-	2,080
Charge/(release) to the provision	4,985	(1,234)
Bad and doubtful debts	**4,985**	**846**

Bad and doubtful debts comprise the movement in the provision for mortgage investments and the actual crystallised shortfall on mortgage investments offset by recoveries received in relation to mortgages previously discharged with a shortfall. For an individual mortgage investments, the crystallised shortfall may differ from the initial impairment as the amounts received from disposal of securities may differ from valuations, which are used in the provision estimate.

Bad and doubtful debts can be allocated between investment accounts as follows:

	Dec 2022 $'000	Dec 2021 $'000
Classic Notice Account (refer Note 7)	1,446	965
90 Day Notice Account (refer Note 8)	475	767
6 Month Notice Account (refer Note 9)	344	13
12 Month Term Account (refer Note 10)	2,687	(906)
2 Year Account (refer Note 11)	21	7
4 Year Account (refer Note 12)	12	-
Total bad and doubtful debts	**4,985**	**846**

Note 6 – Investors' funds

The Responsible Entity manages investors' funds as principal, notwithstanding investors' funds are classified as a liability under Accounting Standards. Disclosures are made in Notes 7 through 12 in relation to managing the liquidity of investors' funds.

The different categories in aggregate are referred to as funds under management when referring to the funds contributed by investors and are analysed as follows:

	Dec 2022 $'000	Jun 2022 $'000
Classic Notice Account	740,001	507,258
90 Day Notice Account	297,701	325,908
6 Month Notice Account	93,020	52,131
12 Month Term Account	7,027,212	6,073,303
2 Year Account	72,691	59,136
4 Year Account	308,414	266,895
Total investors' funds	**8,539,039**	**7,284,631**

Note 7 – Classic Notice Account

The funds contributed by investors in the Classic Notice Account are allocated between mortgage investments and cash, as follows:

	Dec 2022 $'000	Jun 2022 $'000
Funds composition		
Cash	95,844	53,410
Mortgage investments	644,157	453,848
Total funds under management	**740,001**	**507,258**
Cash ratio	13.0%	10.5%
Movement reconciliation		
Opening balance	507,258	408,557
Applications	569,000	910,389
Redemptions	(336,257)	(811,688)
Closing balance	**740,001**	**507,258**

The Classic Notice Account has no concentration of investors (30 June 2022: no concentration).

Mortgage investments an Classic Notice Account

Security stratification of the portfolio

	Dec 2022				Jun 2022			
Security classification	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**
Residential	429	331,707	51.5%	78.2%	470	284,661	62.7%	78.1%
Commercial	155	103,638	16.1%	74.1%	71	46,628	10.3%	73.7%
Construction & Development	1	600	0.1%	61.2%	1	191	0.1%	26.7%
Industrial	123	99,577	15.4%	75.1%	67	43,757	9.6%	74.4%
Vacant Land	123	107,462	16.7%	63.1%	96	78,184	17.2%	61.9%
Rural	3	1,173	0.2%	56.3%	2	427	0.1%	57.0%
Total Mortgage Investments	**834**	**644,157**	**100.0%**		**707**	**453,848**	**100.0%**	

The weighted average Loan to Valuation Ratio (**LVR**) of Classic Notice Account mortgage investments at 31 December 2022 was 74.4% (30 June 2022: 74.5%). The Classic Notice Account has no mortgage investments representing more than 10% of the Account's funds under management (30 June 2022: nil).

Geographical stratification of the portfolio

	Dec 2022				Jun 2022			
State or territory	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR
ACT	6	3,200	0.5%	77.1%	12	7,045	1.6%	77.8%
NSW	243	255,532	39.7%	73.9%	190	184,343	40.6%	72.5%
VIC	344	236,541	36.7%	74.4%	294	161,693	35.6%	75.2%
QLD	149	107,878	16.7%	75.4%	129	69,418	15.3%	76.8%
SA	43	18,023	2.8%	74.8%	38	12,863	2.8%	75.1%
WA	40	19,549	3.1%	73.4%	34	15,727	3.5%	78.2%
TAS	7	2,680	0.4%	73.9%	8	1,999	0.4%	72.9%
NT	2	754	0.1%	74.4%	2	760	0.2%	74.2%
Total Mortgage Investments	**834**	**644,157**	**100.0%**		**707**	**453,848**	**100.0%**	

Mortgage investments may discharge at maturities which differ to their contractual maturities. The expected maturities, based on the observed level of principal repayments of the mortgage investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022		Jun 2022	
	Expected maturities $'000	Contractual maturities $'000	Expected maturities $'000	Contractual maturities $'000
Not longer than 6 months	106,286	9,517	74,885	4,008
More than 6 months but less than 12 months	88,749	22,448	62,529	5,833
More than 1 year but less than 2 years	148,210	81,374	104,423	55,846
More than 2 years but less than 3 years	99,301	18,862	69,964	17,809
More than 3 years but less than 5 years	133,063	7,110	93,751	4,206
Greater than 5 years	68,548	504,846	48,296	366,146
Total Mortgage Investments	**644,157**	**644,157**	**453,848**	**453,848**

Mortgage investments performance analysis – Classic Notice Account

An analysis of the outstanding principal relating to mortgage investments is detailed below:

	Dec 2022				Jun 2022			
	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000
Performing*	**793**	**616,926**	**95.8**	**1,756**	**662**	**428,818**	**94.5**	**1,356**
Non-performing**								
– 31 to 60 days	13	8,388	1.3	109	7	3,432	0.7	41
– 61 to 90 days	6	3,449	0.5	63	4	1,686	0.4	27
– 91 to 180 days	4	4,262	0.7	121	9	5,213	1.1	363
– 181+ days	15	8,190	1.3	700	21	12,163	2.7	2,699
– Mortgage in possession	3	2,942	0.4	2,942	4	2,536	0.6	2,536
Total Non-performing	**41**	**27,231**	**4.2**	**3,935**	**45**	**25,030**	**5.5**	**5,666**
Total	**834**	**644,157**	**100.0**	**5,691**	**707**	**453,848**	**100.0**	**7,022**

* The past due balance on performing loans represents arrears on loans less than 30 days past due, and the total balance on expired loans that continue to make required payments.

** The past due balance on non-performing loans represents arrears on loans greater than 30 days past due, the total balance of expired loans not making required payments and the total balance of loans in possession.

Provision for mortgage impairments

	Dec 2022 $'000	Jun 2022 $'000
Collective	1,238	652
Economic overlay	1,160	471
Specific impaired	1,003	878
Total provision	**3,401**	**2,001**

Ratios

	Dec 2022 $'000	Jun 2022 $'000
Total Investments	740,001	507,258
Total non-performing investments	27,231	25,030
Non-performing assets ratio	3.68%	4.93%
Provision to total investments ratios		
Collective provisions	1,238	652
Collective provisions ratio	0.17%	0.13%
Economic overlay	1,160	471
Economic overlay ratio	0.16%	0.09%
Specific impaired provision	1,003	878
Specific impaired provision to total investments ratio	0.13%	0.17%
Total provision	3,401	2,001
Total provision to total investments ratio	0.46%	0.39%

	Dec 2022 $'000	Dec 2021 $'000
Bad & Doubtful Debts (BDD) expense ratios to total investments ratios		
Net shortfall crystallised	45	559
Net shortfall crystallised ratio (net shortfall crystallised to total investments)	0.01%	0.11%
Net BDD	1,401	405
Net BDD ratio (net BDD to total investments)	0.19%	0.08%
Total BDD	1,446	965
Total BDD ratio (total BDD to total investments)	0.20%	0.19%

In relation to the mortgage in possession investments noted above which total $2,942,000 (30 June 2022: $2,536,000), collateral in the form of real property to the value of $3,898,000 (30 June 2022: $3,203,000) is held as at balance date. Under individual mortgage agreements, the Responsible Entity can dispose of the collateral held. This real property is disposed of on the open market, typically within 6 months of possession. The value of the collateral for an individual mortgage investment may be less than the relevant investment balance, which results in the recognition of specific provisions.

Hardship – Classic Notice Account

It is recognised that a borrower's life circumstances may change occasionally, influencing their ability to maintain their repayment obligations. It is a requirement of the *National Consumer Credit Protection Act 2009* (**NCCP**) to assist borrowers who may be experiencing hardship whenever possible. Hardship assistance can be provided in many forms to suit the circumstances of the borrowers. The effect on arrears will depend on whether repayments are capitalised and timing of that capitalisation which may be upfront or at conclusion of the hardship arrangement.

Hardship is split into three categories for better understanding of the cause of hardship. Natural Disaster relates to events such as bushfire or floods. Pandemic relates to broad community based health crises such as COVID-19 that may also have significant economic ramifications. Individual circumstance captures all other causes of hardship and typically is related to temporary loss of employment or borrower health concerns.

	Dec 2022 $'000	Jun 2022 $'000
Hardship to total AUM ratio by cause		
Individual circumstance	0.52%	0.71%
Natural Disaster	0.00%	0.30%
Pandemic	0.00%	0.00%
Hardship to total AUM ratio	0.52%	1.01%
Outstanding principal of mortgage investments in hardship	*3,817*	*5,110*
Collateral held for mortgage investments in hardship	*4,784*	*6,809*
Asset coverage ratio – Hardship	1.25X	1.33X

Liquidity management – Classic Notice Account

In relation to the Classic Notice Account, the Fund retains an appropriate level of liquidity in order to meet reasonably foreseeable withdrawal request patterns. As authorised in the Fund's Constitution, funds are invested in Authorised Investments of cash deposits and mortgage investments complying with prescribed parameters. Liquidity levels are continuously managed within the context of the Fund's cash management, investment and redemption patterns and consideration of significant changes in the economic and operating environment. Investors in the Classic Notice Account are ordinarily entitled to withdraw funds on two business days written notice. Where liquidity levels dictate, Classic Notice Account investors will receive delayed redemptions and/or will be progressively paid out partial amounts of their respective requested redemption in accordance with the Product Disclosure Statement.

The Fund is not automatically obliged to make interest payments to investors invested in the Classic Notice Account.

Investor Reserve – Classic Notice Account

Investors in the Classic Notice Account may benefit from the dedicated Investor Reserve held by La Trobe Financial for the benefit of investors within the Account with monthly management fee contributions based on the average daily investor balances in the Account for the month, provided cash has been received by La Trobe Financial.

La Trobe Financial may use the reserve, in its sole discretion, to reduce volatility of investment returns, cover expenses that could otherwise be charged to investors under the Fund Constitution, fund loss recovery actions for Classic Notice Account investments and meet shortfalls on individual assets of the Account from time to time. The dissection of the Investor Reserve between allocated and unallocated is shown in the below table:

	Dec 2022 $'000	Jun 2022 $'000
Unallocated Investor Reserve	1,431	1,509
Allocated Investor Reserve	883	848
Total Investor Reserve	**2,314**	**2,357**

Note 8 – 90 Day Notice Account

The funds contributed by investors in the 90 Day Notice Account are allocated between mortgage investments and cash, as follows:

	Dec 2022 $'000	Jun 2022 $'000
Funds composition		
Cash	20,009	27,367
Mortgage investments	277,692	298,541
Total funds under management	**297,701**	**325,908**
Cash ratio	6.7%	8.4%
Movement reconciliation		
Opening balance	325,908	335,560
Applications	60,969	240,369
Redemptions	(89,176)	(250,021)
Closing balance	**297,701**	**325,908**

There is no concentration of investors in the 90 Day Notice Account (30 June 2022: no concentration).

Mortgage investments analysis – 90 Day Notice Account

Security stratification of the portfolio

	Dec 2022				Jun 2022			
Security classification	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**
Residential	238	147,732	53.2%	79.2%	280	201,102	67.4%	77.9%
Commercial	84	61,442	22.1%	74.0%	48	31,794	10.6%	73.6%
Construction & Development	1	1,457	0.5%	98.5%	2	2,057	0.7%	80.3%
Industrial	61	42,412	15.3%	74.9%	39	33,118	11.1%	73.1%
Vacant Land	23	24,649	8.9%	60.9%	29	30,470	10.2%	63.9%
Rural	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Total Mortgage Investments	**407**	**277,692**	**100.0%**		**398**	**298,541**	**100.0%**	

The weighted average LVR of the 90 Day Notice Account mortgage investments at 31 December 2022 was 75.9% (30 June 2022: 75.5%). The 90 Day Notice Account has no mortgage investment representing more than 10% of the Account's funds under management (30 June 2022: nil).

Geographical stratification of the portfolio

State or territory	Dec 2022 No. of Loans	Dec 2022 Amount $'000	Dec 2022 % of Total Loans Amount	Dec 2022 Avg. LVR	Jun 2022 No. of Loans	Jun 2022 Amount $'000	Jun 2022 % of Total Loans Amount	Jun 2022 Avg. LVR
ACT	2	3,001	1.1%	78.6%	4	5,170	1.7%	79.2%
NSW	102	101,182	36.4%	74.2%	104	106,026	35.5%	73.9%
VIC	167	98,056	35.3%	77.2%	142	99,974	33.5%	77.3%
QLD	80	47,221	17.0%	75.1%	94	62,155	20.8%	74.3%
SA	27	11,534	4.2%	75.9%	31	12,695	4.3%	76.8%
WA	27	15,255	5.5%	79.7%	22	12,408	4.2%	78.8%
TAS	2	1,443	0.5%	77.0%	1	113	0.0%	57.2%
NT	-	-	-	-	-	-	0.0%	0.0%
Total Mortgage Investments	**407**	**277,692**	**100.0%**		**398**	**298,541**	**100.0%**	

Mortgage investments may discharge at maturities which differ to their contractual maturities. The expected maturities, based on the observed level of principal repayments of the mortgage investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022 Expected maturities $'000	Dec 2022 Contractual maturities $'000	Jun 2022 Expected maturities $'000	Jun 2022 Contractual maturities $'000
Not longer than 6 months	45,819	3,031	49,259	3,386
More than 6 months but less than 12 months	38,259	7,000	41,131	3,254
More than 1 year but less than 2 years	63,893	8,479	68,690	37,856
More than 2 years but less than 3 years	42,808	10,276	46,022	190
More than 3 years but less than 5 years	57,363	1,106	61,670	-
Greater than 5 years	29,550	247,800	31,769	253,855
Total Mortgage Investments	**277,692**	**277,692**	**298,541**	**298,541**

Mortgage investments analysis – 90 Day Notice Account

An analysis of the outstanding principal relating to mortgage investments which are past due is detailed below:

	Dec 2022				Jun 2022			
	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000
Performing*	**391**	**267,022**	**96.2**	**36**	**382**	**288,336**	**96.6**	**1,940**
Non-performing**								
– 31 to 60 days	4	1,739	0.6	19	4	1,577	0.5	16
– 61 to 90 days	-	-	-	-	1	687	0.2	12
– 91 to 180 days	6	3,368	1.2	109	4	2,196	0.7	54
– 181+ days	5	4,106	1.5	327	5	3,650	1.3	277
– Mortgage in possession	1	1,457	0.5	1,457	2	2,095	0.7	2,095
Total Non-performing	**16**	**10,670**	**3.8**	**1,912**	**16**	**10,205**	**3.4**	**2,454**
Total	**407**	**277,692**	**100.0**	**1,948**	**398**	**298,541**	**100.0**	**4,394**

* The past due balance on performing loans represents arrears on loans less than 30 days past due, and the total balance on expired loans that continue to make required payments.

** The past due balance on non-performing loans represents arrears on loans greater than 30 days past due, the total balance of expired loans not making required payments and the total balance of loans in possession.

Provision for mortgage impairments

	Dec 2022 $'000	Jun 2022 $'000
Collective	523	290
Economic overlay	490	209
Specific impaired	185	295
Total provision	**1,198**	**794**

Ratios

	Dec 2022 $'000	Jun 2022 $'000
Total Investments	297,701	325,908
Total non-performing investments	10,670	10,205
Non-performing assets ratio	3.58%	2.68%
Provision to total investments ratios		
Collective provisions	523	290
Collective provisions ratio	0.18%	0.09%
Economic overlay	490	209
Economic overlay ratio	0.16%	0.06%
Specific impaired provision	185	295
Total specific impaired provision to total investments ratio	0.06%	0.09%
Total provision	1,198	794
Total provision to total investments ratio	0.40%	0.24%

	Dec 2022 $'000	Dec 2021 $'000
Bad & Doubtful Debts (BDD) expense ratios to total investments ratios		
Net shortfall crystallised	71	-
Net shortfall crystallised ratio (net shortfall crystallised to total investments)	0.02%	0.00%
Net BDD	404	767
Net BDD ratio (net BDD to total investments)	0.14%	0.22%
Total BDD	475	767
Total BDD ratio (total BDD to total investments)	0.16%	0.22%

In relation to the mortgage in possession investments noted above which total $1,457,000 (30 June 2022: $2,095,000), collateral in the form of real property to the value of $2,454,000 (30 June 2022: $3,179,000) is held as at balance date. Under individual mortgage agreements, the Responsible Entity can dispose of the collateral held. This real property is disposed of on the open market, typically within 6 months of possession. The value of the collateral for an individual mortgage investment may be less than the relevant investment balance, which results in the recognition of specific provisions.

Hardship – 90 Day Notice Account

It is recognised that a borrower's life circumstances may change occasionally, influencing their ability to maintain their repayment obligations. It is a requirement of the NCCP to assist borrowers who may be experiencing hardship whenever possible. Hardship assistance can be provided in many forms to suit the circumstances of the borrowers. The effect on arrears will depend on whether repayments are capitalised and timing of that capitalisation which may be upfront or at conclusion of the hardship arrangement.

Hardship is split into three categories for better understanding of the cause of hardship. Natural Disaster relates to events such as bushfire or floods. Pandemic relates to broad community based health crises such as COVID-19 that may also have significant economic ramifications. Individual circumstance captures all other causes of hardship and typically is related to temporary loss of employment or borrower health concerns.

	Dec 2022 $'000	Jun 2022 $'000
Hardship to total AUM ratio by cause		
Individual circumstance	0.15%	0.54%
Natural Disaster	0.19%	0.00%
Pandemic	0.00%	0.00%
Hardship to total AUM ratio	0.34%	0.54%
Outstanding principal of mortgage investments in hardship	*1,036*	*1,751*
Collateral held for mortgage investments in hardship	*1,300*	*2,260*
Asset coverage ratio – Hardship	1.25X	1.29X

Liquidity management – 90 Day Notice Account

In relation to the 90 Day Notice Account, the Fund retains an appropriate level of liquidity in order to meet reasonably foreseeable withdrawal request patterns. As authorised in the Fund's Constitution, funds are invested in Authorised Investments of cash deposits and mortgage investments complying with prescribed parameters. Liquidity levels are continuously managed within the context of the Fund's cash management, investment and redemption patterns and consideration of significant changes in the economic and operating environment. Investors in the 90 Day Notice Account are ordinarily entitled to withdraw funds on ninety days written notice. Where liquidity levels dictate, 90 Day Notice Account investors will receive delayed redemptions and/or will be progressively paid out partial amounts of their respective requested redemption in accordance with the Product Disclosure Statement.

The Fund is not automatically obliged to make interest payments to investors invested in the 90 Day Notice Account.

Investor Reserve – 90 Day Notice Account

Investors in the 90 Day Notice Account may benefit from the dedicated Investor Reserve held by La Trobe Financial for the benefit of investors within the Account with monthly management fee contributions based on the average daily investor balances in the Account for the month, provided cash has been received by La Trobe Financial.

La Trobe Financial may use the reserve, in its sole discretion, to reduce volatility of investment returns, cover expenses that could otherwise be charged to investors under the Fund Constitution, fund loss recovery actions for 90 Day Notice Account investments and meet shortfalls on individual assets of the Account from time to time. The dissection of the Investor Reserve between allocated and unallocated is shown in the below table:

	Dec 2022 $'000	Jun 2022 $'000
Unallocated Investor Reserve	1,269	808
Allocated Investor Reserve	154	295
Total Investor Reserve	**1,423**	**1,103**

Note 9 – 6 Month Notice Account

The funds contributed by investors in the 6 Month Notice Account are allocated between mortgage investments, note investments and cash, as follows:

	Dec 2022 $'000	Jun 2022 $'000
Funds composition		
Cash	6,702	6,539
Mortgage investments	69,418	44,592
Note investments	16,900	1,000
Total funds under management	**93,020**	**52,131**
Cash ratio	7.2%	12.5%
Movement reconciliation		
Opening balance	52,131	-
Applications	59,064	64,895
Redemptions	(18,175)	(12,764)
Closing balance	**93,020**	**52,131**

There is no concentration of investors in the 6 Month Notice Account (30 June 2022: no concentration).

Mortgage investments analysis – 6 Month Notice Account

Security stratification of the portfolio

	Dec 2022				Jun 2022			
Security classification	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**
Residential	58	40,601	58.5%	73.9%	55	26,411	59.2%	76.5%
Commercial	23	17,923	25.8%	68.5%	21	10,078	22.6%	73.1%
Construction & Development	1	8	0.0%	63.2%	-	-	0.0%	0.0%
Industrial	6	4,047	5.8%	63.7%	8	3,761	8.4%	72.5%
Vacant Land	23	6,717	9.7%	59.1%	14	4,084	9.2%	60.6%
Rural	1	122	0.2%	64.9%	2	258	0.6%	51.7%
Total Mortgage Investments	**112**	**69,418**	**100.0%**		**100**	**44,592**	**100.0%**	

The weighted average LVR of the 6 Month Notice Account mortgage investments at 31 December 2022 was 70.5% (30 June 2022: 73.8%). The 6 Month Notice Account has no mortgage investment (30 June 2022: nil) representing more than 10% of the Account's funds under management.

Geographical stratification of the portfolio

	Dec 2022				Jun 2022			
State or territory	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR
ACT	2	651	0.9%	80.2%	5	2,471	5.5%	67.9%
NSW	32	29,821	43.0%	67.2%	26	11,665	26.2%	74.9%
VIC	41	14,938	21.5%	71.9%	33	14,555	32.6%	71.8%
QLD	28	18,359	26.5%	73.7%	27	12,665	28.4%	75.8%
SA	3	1,243	1.8%	75.6%	4	709	1.6%	70.8%
WA	6	4,406	6.3%	71.2%	5	2,527	5.7%	76.6%
TAS	-	-	0.0%	0.0%	-	-	0.0%	0.0%
NT	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Total Mortgage Investments	**112**	**69,418**	**100.0%**		**100**	**44,592**	**100.0%**	

Mortgage investments may discharge at maturities which differ to their contractual maturities. The expected maturities, based on the observed level of principal repayments of the mortgage investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022		Jun 2022	
	Expected maturities $'000	Contractual maturities $'000	Expected maturities $'000	Contractual maturities $'000
Not longer than 6 months	11,454	820	7,358	55
More than 6 months but less than 12 months	9,564	1,309	6,144	19
More than 1 year but less than 2 years	15,972	7,487	10,260	5,709
More than 2 years but less than 3 years	10,701	5,592	6,874	-
More than 3 years but less than 5 years	14,340	-	9,211	-
Greater than 5 years	7,387	54,210	4,745	38,809
Total Mortgage Investments	**69,418**	**69,418**	**44,592**	**44,592**

Mortgage investments analysis – 6 Month Notice Account

An analysis of the outstanding principal relating to mortgage investments is detailed below:

	Dec 2022				Jun 2022			
	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000
Performing*	**112**	**69,418**	**100.0**	**3**	**100**	**44,592**	**100.0**	**1**
Non-performing**								
– 31 to 60 days	-	-	-	-	-	-	-	-
– 61 to 90 days	-	-	-	-	-	-	-	-
– 91 to 180 days	-	-	-	-	-	-	-	-
– 181+ days	-	-	-	-	-	-	-	-
– Mortgage in possession	-	-	-	-	-	-	-	-
Total Non-performing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**112**	**69,418**	**100.0**	**3**	**100**	**44,592**	**100.0**	**1**

* The past due balance on performing loans represents arrears on loans less than 30 days past due, and the total balance on expired loans that continue to make required payments.
** The past due balance on non-performing loans represents arrears on loans greater than 30 days past due, the total balance of expired loans not making required payments and the total balance of loans in possession.

Provision for mortgage impairments

	Dec 2022 $'000	Jun 2022 $'000
Collective	35	10
Economic overlay	33	8
Specific impaired	295	-
Total provision	**363**	**18**

Ratios

	Dec 2022 $'000	Jun 2022 $'000
Total Investments	93,020	52,131
Total non-performing investments	-	-
Non-performing assets ratio	0.00%	0.00%
Provision to total investments ratios		
Collective provisions	35	10
Collective provisions ratio	0.04%	0.02%
Economic overlay	33	8
Economic overlay ratio	0.03%	0.02%
Specific impaired provision	295	0
Total specific impaired provision to total investments ratio	0.32%	0.00%
Total provision	363	18
Total provision to total investments ratio	0.39%	0.04%

	Dec 2022 $'000	Dec 2021 $'000
Bad & Doubtful Debts (BDD) expense ratios to total investments ratios		
Net shortfall crystallised	-	-
Net shortfall crystallised ratio (net shortfall crystallised to total investments)	0.00%	0.00%
Net BDD	344	13
Net BDD ratio (net BDD to total investments)	0.37%	0.03%
Total BDD	344	13
Total BDD ratio (total BDD to total investments)	0.37%	0.03%

There are no mortgages in possession held by the 6 Month Notice Account, with no collaterals in the form of real property held at balance date. Under individual mortgage agreements, the Responsible Entity can dispose of the collateral held. This real property is disposed of on the open market, typically within 6 months of possession. The value of the collateral for an individual mortgage investment may be less than the relevant investment balance, which results in the recognition of specific provisions.

Hardship – 6 Month Notice Account

It is recognised that a borrower's life circumstances may change occasionally, influencing their ability to maintain their repayment obligations. It is a requirement of the NCCP to assist borrowers who may be experiencing hardship whenever possible. Hardship assistance can be provided in many forms to suit the circumstances of the borrowers. The effect on arrears will depend on whether repayments are capitalised and timing of that capitalisation which may be upfront or at conclusion of the hardship arrangement.

Hardship is split into three categories for better understanding of the cause of hardship. Natural Disaster relates to events such as bushfire or floods. Pandemic relates to broad community based health crises such as COVID-19 that may also have significant economic ramifications. Individual circumstance captures all other causes of hardship and typically is related to temporary loss of employment or borrower health concerns.

	Dec 2022 $'000	Jun 2022 $'000
Hardship to total AUM ratio by cause		
Individual circumstance	0.00%	0.00%
Natural Disaster	0.00%	0.00%
Pandemic	0.00%	0.00%
Hardship to total AUM ratio	0.00%	0.00%
Outstanding principal of mortgage investments in hardship	-	-
Collateral held for mortgage investments in hardship	-	-
Asset coverage ratio – Hardship	0.00X	0.00X

Note investments analysis – 6 Month Notice Account

Note investments have a contractual maturity based on the call option or conclusion of senior funding as documented for the relevant residential mortgage backed securities trust. La Trobe Financial expects that certain note investments will be redeemed at maturities which are different to their contractual maturities. The expected maturities of the note investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022		Jun 2022	
	Expected maturities $'000	Contractual maturities $'000	Expected maturities $'000	Contractual maturities $'000
Not longer than 6 months	-	-	1,000	-
More than 6 months but less than 12 months	14,900	14,900	-	-
More than 1 year but less than 2 years	2,000	2,000	-	1,000
More than 2 years but less than 3 years	-	-	-	-
More than 3 years but less than 5 years	-	-	-	-
Total Note Investments	**16,900**	**16,900**	**1,000**	**1,000**

Note investments of the 6 Month Notice Account at 31 December 2022, includes outstanding principal of $16,900,000 (30 June 2022: $1,000,000) which can be analysed in the following stratifications:

As at 31 December 2022

	Weighted Avg. Credit Support	Invested Amounts $'000	% of Total Invested Amounts	Charge Offs $'000	Stated Amounts $'000
Note classification					
– Rated	-%	-	-%	-	-
– Not rated	2.87%	16,900	100%	-	16,900
Total Note Investments		**16,900**			**16,900**

As at 30 June 2022

	Weighted Avg. Credit Support	Invested Amounts $'000	% of Total Invested Amounts	Charge Offs $'000	Stated Amounts $'000
Note classification					
– Rated	-%	-	-%	-	-
– Not rated	3.34%	1,000	100%	-	1,000
Total Note Investments		**1,000**			**1,000**

At balance date, all note investments were held in entities for which the Fund's Investment Manager is the Servicer and Originator.

Liquidity management – 6 Month Notice Account

In relation to the 6 Month Notice Account, the Fund retains an appropriate level of liquidity in order to meet reasonably foreseeable withdrawal request patterns. As authorised in the Fund's Constitution, funds are invested in Authorised Investments of cash deposits and mortgage investments complying with prescribed parameters. Liquidity levels are continuously managed within the context of the Fund's cash management, investment and redemption patterns and consideration of significant changes in the economic and operating environment. Investors in the 6 Month Notice Account are ordinarily entitled to withdraw funds on 180 days written notice. Where liquidity levels dictate, 6 Month Notice Account investors will receive delayed redemptions and/or will be progressively paid out partial amounts of their respective requested redemption in accordance with the Product Disclosure Statement.

The Fund is not automatically obliged to make interest payments to investors invested in the 6 Month Notice Account.

Aged assets analysis – 6 Month Notice Account

As no underlying note investments were past due at 31 December 2022 and 30 June 2022, no aged assets analysis is presented.

Investor Reserve – 6 Month Notice Account

Investors in the 6 Month Notice Account may benefit from the dedicated Investor Reserve held by La Trobe Financial for the benefit of investors within the Account with monthly management fee contributions based on the average daily investor balances in the Account for the month, provided cash has been received by La Trobe Financial.

La Trobe Financial may use the reserve, in its sole discretion, to reduce volatility of investment returns, cover expenses that could otherwise be charged to investors under the Fund Constitution, fund loss recovery actions for 6 Month Notice Account investments and meet shortfalls on individual assets of the Account from time to time. The dissection of the Investor Reserve between allocated and unallocated is shown in the below table:

	Dec 2022 $'000	Jun 2022 $'000
Unallocated Investor Reserve	157	88
Allocated Investor Reserve	-	-
Total Investor Reserve	**157**	**88**

Note 10 – 12 Month Term Account

The funds contributed by investors in the 12 Month Term Account are allocated between mortgage investments and cash, as follows:

	Dec 2022 $'000	Jun 2022 $'000
Funds composition		
Cash	126,894	78,397
Mortgage investments	6,900,318	5,994,906
Total funds under management	**7,027,212**	**6,073,303**
Cash ratio	1.8%	1.3%

Movement reconciliation		
Opening balance	6,073,303	4,576,954
Applications	1,709,818	2,455,346
Redemptions	(755,909)	(958,997)
Closing balance	**7,027,212**	**6,073,303**

There is one investor holding 11.4% of funds under management at 31 December 2022 in the 12 Month Term Account (30 June 2022: no concentration).

Mortgage investments analysis – 12 Month Term Account

Security stratification of the portfolio

	Dec 2022				Jun 2022			
Security classification	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**
Residential	7,654	4,786,230	69.3%	64.8%	7,662	4,340,522	72.5%	65.1%
Commercial	1,276	824,618	12.0%	62.3%	1,233	704,778	11.8%	62.4%
Construction & Development	276	503,752	7.3%	61.7%	217	302,282	5.0%	61.8%
Industrial	1,236	666,628	9.7%	62.5%	1,300	601,725	10.0%	62.9%
Vacant Land	198	109,522	1.6%	46.8%	161	36,849	0.6%	46.2%
Rural	35	9,568	0.1%	39.4%	35	8,750	0.1%	41.0%
Total Mortgage Investments	**10,675**	**6,900,318**	**100.0%**		**10,608**	**5,994,906**	**100.0%**	

The weighted average LVR of the 12 Month Term Account mortgage investments at 31 December 2022 was 63.6% (30 June 2022: 64.3%). The 12 Month Term Account has no mortgage investments (30 June 2022: nil) representing more than 10% of the Account's funds under management.

Geographical stratification of the portfolio

State or territory	Dec 2022 No. of Loans	Dec 2022 Amount $'000	Dec 2022 % of Total Loans Amount	Dec 2022 Avg. LVR	Jun 2022 No. of Loans	Jun 2022 Amount $'000	Jun 2022 % of Total Loans Amount	Jun 2022 Avg. LVR
ACT	87	47,727	0.7%	66.6%	76	39,215	0.6%	74.1%
NSW	2,755	2,737,724	39.7%	62.6%	2,736	2,271,753	37.9%	63.7%
VIC	3,977	2,485,774	36.0%	63.9%	3,964	2,229,035	37.2%	64.3%
QLD	2,751	1,161,480	16.8%	65.2%	2,681	1,017,012	17.0%	65.6%
SA	431	180,273	2.6%	64.3%	441	168,363	2.8%	64.3%
WA	533	239,418	3.5%	64.6%	557	227,359	3.8%	64.5%
TAS	120	41,774	0.6%	61.1%	128	34,748	0.6%	62.5%
NT	21	6,148	0.1%	65.6%	25	7,421	0.1%	64.1%
Total Mortgage Investments	**10,675**	**6,900,318**	**100.0%**		**10,608**	**5,994,906**	**100.0%**	

Mortgage investments may discharge at maturities which differ to their contractual maturities. The expected maturities, based on the observed level of principal repayments of the mortgage investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022 Expected maturities $'000	Dec 2022 Contractual maturities $'000	Jun 2022 Expected maturities $'000	Jun 2022 Contractual maturities $'000
Not longer than 6 months	1,138,552	455,772	989,159	293,865
More than 6 months but less than 12 months	950,691	399,434	825,948	273,411
More than 1 year but less than 2 years	1,587,654	348,471	1,379,333	253,868
More than 2 years but less than 3 years	1,063,729	126,483	924,153	51,844
More than 3 years but less than 5 years	1,425,396	228,544	1,238,366	89,378
Greater than 5 years	734,296	5,341,614	637,947	5,032,540
Total Mortgage Investments	**6,900,318**	**6,900,318**	**5,994,906**	**5,994,906**

Mortgage investments performance analysis – 12 Month Term Account

An analysis of the outstanding principal relating to mortgage investments is detailed below:

	Dec 2022				Jun 2022			
	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000
Performing*	**10,484**	**6,753,537**	**97.9**	**28,188**	**10,439**	**5,884,486**	**98.2**	**72,585**
Non-performing**								
– 31 to 60 days	70	43,641	0.6	9,715	41	22,235	0.4	1,166
– 61 to 90 days	30	30,729	0.4	10,674	27	14,825	0.2	1,554
– 91 to 180 days	44	32,787	0.5	5,420	41	26,705	0.4	4,395
– 181+ days	34	27,367	0.4	6,987	48	34,168	0.6	9,990
– Mortgage in possession	13	12,257	0.2	12,257	12	12,487	0.2	12,487
Total Non-performing	**191**	**146,781**	**2.1**	**45,053**	**169**	**110,420**	**1.8**	**29,592**
Total	**10,675**	**6,900,318**	**100.0**	**73,241**	**10,608**	**5,994,906**	**100.0**	**102,177**

* The past due balance on performing loans represents arrears on loans less than 30 days past due, and the total balance on expired loans that continue to make required payments.
** The past due balance on non-performing loans represents arrears on loans greater than 30 days past due, the total balance of expired loans not making required payments and the total balance of loans in possession.

Provision for mortgage impairments

	Dec 2022 $'000	Jun 2022 $'000
Collective	3,160	1,890
Economic overlay	2,960	1,364
Specific impaired	1,674	1,737
Total provision	**7,794**	**4,991**

Ratios

	Dec 2022 $'000	Jun 2022 $'000
Total Investments	7,027,212	6,073,303
Total non-performing investments	146,781	110,420
Non-performing assets ratio	2.09%	1.73%
Provision to total investments ratios		
Collective provisions	3,160	1,890
Collective provisions ratio	0.05%	0.03%
Economic overlay	2,960	1,364
Economic overlay ratio	0.04%	0.02%
Specific impaired provision	1,674	1,737
Total specific impaired provision to total investments ratio	0.02%	0.03%
Total provision	7,794	4,991
Total provision to total investments ratio	0.11%	0.08%

	Dec 2022 $'000	Dec 2021 $'000
Bad & Doubtful Debts (BDD) expense ratios to total investments ratios		
Net shortfall crystallised	(116)	1,521
Net shortfall crystallised ratio (net shortfall crystallised to total investments)	0.00%	0.03%
Net BDD	2,803	(2,427)
Net BDD ratio (net BDD to total investments)	0.04%	(0.05%)
Total BDD	2,687	(906)
Total BDD ratio (total BDD to total investments)	0.04%	(0.02%)

In relation to the mortgage in possession categories noted above which total $12,257,000 (30 June 2022: $12,487,000), collateral in the form of real property to the value of $19,590,000 (30 June 2022: $18,683,000) is held as at balance date. Under individual mortgage agreements, the Responsible Entity can dispose of the collateral held. This real property is disposed of on the open market, typically within 6 months of possession. The value of the collateral for an individual mortgage investment may be less than the relevant investment balance, which results in the recognition of specific provisions.

Hardship – 12 Month Term Account

It is recognised that a borrower's life circumstances may change occasionally, influencing their ability to maintain their repayment obligations. It is a requirement of the NCCP to assist borrowers who may be experiencing hardship whenever possible. Hardship assistance can be provided in many forms to suit the circumstances of the borrowers. The effect on arrears will depend on whether repayments are capitalised and timing of that capitalisation which may be upfront or at conclusion of the hardship arrangement.

Hardship is split into three categories for better understanding of the cause of hardship. Natural Disaster relates to events such as bushfire or floods. Pandemic relates to broad community based health crises such as COVID-19 that may also have significant economic ramifications. Individual circumstance captures all other causes of hardship and typically is related to temporary loss of employment or borrower health concerns.

	Dec 2022 $'000	Jun 2022 $'000
Hardship to total AUM ratio by cause		
Individual circumstance	0.21%	0.25%
Natural Disaster	0.00%	0.00%
Pandemic	0.00%	0.00%
Hardship to total AUM ratio	0.21%	0.25%
Outstanding principal of mortgage investments in hardship	*14,460*	*14,967*
Collateral held for mortgage investments in hardship	*22,097*	*22,991*
Asset coverage ratio – Hardship	1.53X	1.54X

Liquidity management – 12 Month Term Account

Investors in the 12 Month Term Account are required to invest for a minimum of one year with no automatic right of withdrawal of investors' investments during this year. Where redemption is not requested at the conclusion of this year the investment will automatically roll for further annual term(s) on the same basis or upon shorter periods nominated by investors under the "Regular Access" option at the time of the initial investment. Requests for redemptions made upon expiry of each investment term are met within 21 days of month end, explicitly subject to the liquidity levels of the 12 Month Term Account. Liquidity levels of the 12 Month Term Account are managed in order to balance the competing priorities of foreseeable redemption liquidity requirements and maximising investment returns. This includes consideration of significant changes in the economic and operating environment. Where liquidity levels dictate, 12 Month Term Account investors will receive delayed redemptions and/or will be progressively paid out partial amounts of their respective requested redemption in accordance with the Product Disclosure Statement.

The Fund is not automatically obliged to make interest payments to investors invested in the 12 Month Term Account.

Investor Reserve – 12 Month Term Account

Investors in the 12 Month Term Account may benefit from the dedicated Investor Reserve held by La Trobe Financial which La Trobe Financial may use, in its sole discretion, to reduce volatility of investment returns, cover expenses that could otherwise be charged to investors under the Fund Constitution, fund loss recovery actions for 12 Month Term Account investments and meet shortfalls on individual assets of the Account from time to time. Amounts are allocated to cover specific provisions. The dissection of the Investor Reserve between allocated and unallocated is shown in the below table:

	Dec 2022 $'000	Jun 2022 $'000
Unallocated Investor Reserve	5,657	5,044
Allocated Investor Reserve	1,261	1,363
Total Investor Reserve	**6,918**	**6,407**

Note 11 – 2 Year Account

The funds contributed by investors in the 2 Year Account are allocated between mortgage investments and cash, as follows:

	Dec 2022 $'000	Jun 2022 $'000
Funds composition		
Cash	1,717	4,653
Mortgage investments	70,974	54,483
Total funds under management	**72,691**	**59,136**
Cash ratio	2.4%	7.9%
Movement reconciliation		
Opening balance	59,136	-
Applications	14,089	59,826
Redemptions	(534)	(690)
Closing balance	**72,691**	**59,136**

There is no concentration of investors in the 2 Year Account (30 June 2022: no concentration).

Mortgage investments analysis – 2 Year Account

Security stratification of the portfolio

	Dec 2022				Jun 2022			
Security classification	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**	**No. of Loans**	**Amount $'000**	**% of Total Loans Amount**	**Avg. LVR**
Residential	21	23,039	32.5%	60.5%	38	29,586	54.3%	59.3%
Commercial	19	15,629	22.0%	66.0%	16	10,476	19.2%	69.9%
Construction & Development	6	10,044	14.1%	68.7%	2	3,388	6.2%	0.0%
Industrial	17	18,443	26.0%	73.2%	14	10,855	19.9%	73.9%
Vacant Land	9	3,819	5.4%	46.3%	1	178	0.4%	41.9%
Rural	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Total Mortgage Investments	**72**	**70,974**	**100.0%**		**71**	**54,483**	**100.0%**	

The weighted average LVR of the 2 Year Account mortgage investments at 31 December 2022 was 65.4% (30 June 2022: 64.7%). The 2 Year Account has no mortgage investments representing more than 10% of the Account's funds under management (30 June 2022: nil).

Geographical stratification of the portfolio

State or territory	Dec 2022 No. of Loans	Dec 2022 Amount $'000	Dec 2022 % of Total Loans Amount	Dec 2022 Avg. LVR	Jun 2022 No. of Loans	Jun 2022 Amount $'000	Jun 2022 % of Total Loans Amount	Jun 2022 Avg. LVR
ACT	2	665	0.9%	67.4%	2	667	1.2%	66.7%
NSW	22	31,318	44.2%	67.3%	19	16,685	30.6%	65.3%
VIC	28	28,339	39.9%	63.3%	29	24,925	45.8%	62.3%
QLD	11	6,653	9.4%	67.0%	11	6,388	11.7%	67.8%
SA	5	2,088	2.9%	69.9%	5	2,713	5.0%	72.3%
WA	3	1,757	2.5%	46.9%	3	2,407	4.4%	64.7%
TAS	1	154	0.2%	75.8%	2	698	1.3%	73.3%
NT	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Total Mortgage Investments	**72**	**70,974**	**100.0%**		**71**	**54,483**	**100.0%**	

Mortgage investments may discharge at maturities which differ to their contractual maturities. The expected maturities, based on the observed level of principal repayments of the mortgage investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022 Expected maturities $'000	Dec 2022 Contractual maturities $'000	Jun 2022 Expected maturities $'000	Jun 2022 Contractual maturities $'000
Not longer than 6 months	11,711	6,267	8,990	4,249
More than 6 months but less than 12 months	9,778	4,406	7,506	4,816
More than 1 year but less than 2 years	16,330	17,104	12,536	5,775
More than 2 years but less than 3 years	10,941	7,919	8,399	1,561
More than 3 years but less than 5 years	14,661	1,890	11,255	3,390
Greater than 5 years	7,553	33,388	5,797	34,692
Total Mortgage Investments	**70,974**	**70,974**	**54,483**	**54,483**

Mortgage investments performance analysis – 2 Year Account

An analysis of the outstanding principal relating to mortgage investments is detailed below:

	Dec 2022				Jun 2022			
	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000
Performing*	**71**	**70,531**	**99.4**	**1,634**	**71**	**54,483**	**100.0**	**2,542**
Non-performing**								
– 31 to 60 days	-	-	-	-	-	-	-	-
– 61 to 90 days	1	443	0.6	9	-	-	-	-
– 91 to 180 days	-	-	-	-	-	-	-	-
– 181+ days	-	-	-	-	-	-	-	-
– Mortgage in possession	-	-	-	-	-	-	-	-
Total Non-performing	**1**	**443**	**0.6**	**9**	**-**	**-**	**-**	**-**
Total	**72**	**70,974**	**100.0**	**1,643**	**71**	**54,483**	**100.0**	**2,542**

* The past due balance on performing loans represents arrears on loans less than 30 days past due, and the total balance on expired loans that continue to make required payments.
** The past due balance on non-performing loans represents arrears on loans greater than 30 days past due, the total balance of expired loans not making required payments and the total balance of loans in possession.

Provision for mortgage impairments

	Dec 2022 $'000	Jun 2022 $'000
Collective	18	8
Economic overlay	16	5
Specific impaired	-	-
Total provision	**34**	**13**

Ratios

	Dec 2022 $'000	Jun 2022 $'000
Total Investments	72,691	59,136
Total non-performing investments	443	-
Non-performing assets ratio	0.61%	0.00%
Provision to total investments ratios		
Collective provisions	18	8
Collective provisions ratio	0.03%	0.01%
Economic overlay	17	5
Economic overlay ratio	0.02%	0.01%
Specific impaired provision	-	-
Total specific impaired provision to total investments ratio	0.00%	0.00%
Total provision	35	13
Total provision to total investments ratio	0.05%	0.02%

	Dec 2022 $'000	Dec 2021 $'000
Bad & Doubtful Debts (BDD) expense ratios to total investments ratios		
Net shortfall crystallised	-	-
Net shortfall crystallised ratio (net shortfall crystallised to total investments)	-	-
Net BDD	21	7
Net BDD ratio (net BDD to total investments)	0.03%	0.02%
Total BDD	21	7
Total BDD ratio (total BDD to total investments)	0.03%	0.02%

There are no mortgages in possession held by the 2 Year Account, with no collaterals in the form of real property held at balance date. Under individual mortgage agreements, the Responsible Entity can dispose of the collateral held. This real property is disposed of on the open market, typically within 6 months of possession. The value of the collateral for an individual mortgage investment may be less than the relevant investment balance, which results in the recognition of specific provisions.

Hardship – 2 Year Account

It is recognised that a borrower's life circumstances may change occasionally, influencing their ability to maintain their repayment obligations. It is a requirement of the NCCP to assist borrowers who may be experiencing hardship whenever possible. Hardship assistance can be provided in many forms to suit the circumstances of the borrowers. The effect on arrears will depend on whether repayments are capitalised and timing of that capitalisation which may be upfront or at conclusion of the hardship arrangement.

Hardship is split into three categories for better understanding of the cause of hardship. Natural Disaster relates to events such as bushfire or floods. Pandemic relates to broad community based health crises such as COVID-19 that may also have significant economic ramifications. Individual circumstance captures all other causes of hardship and typically is related to temporary loss of employment or borrower health concerns.

	Dec 2022 $'000	Jun 2022 $'000
Hardship to total AUM ratio by cause		
Individual circumstance	0.42%	0.00%
Natural Disaster	0.00%	0.00%
Pandemic	0.00%	0.00%
Hardship to total AUM ratio	0.42%	0.00%
Outstanding principal of mortgage investments in hardship	*305*	-
Collateral held for mortgage investments in hardship	*500*	-
Asset coverage ratio – Hardship	1.64X	0.00X

Liquidity management – 2 Year Account

Investors in the 2 Year Account are required to invest for a minimum of two years with no automatic right of withdrawal of investors' investments during this period of investment. Where redemption is not requested at the conclusion of this period of investment the investment will automatically roll for further annual term(s) on the same basis or upon shorter periods nominated by investors under the "Regular Access" option at the time of the initial investment. Requests for redemptions made upon expiry of each investment term are met within 21 days of month end, explicitly subject to the liquidity levels of the 2 Year Account. Liquidity levels of the 2 Year Account are managed in order to balance the competing priorities of foreseeable redemption liquidity requirements and maximising investment returns. This includes consideration of significant changes in the economic and operating environment. Where liquidity levels dictate, 2 Year Account investors will receive delayed redemptions and/or will be progressively paid out partial amounts of their respective requested redemption in accordance with the Product Disclosure Statement.

The Fund is not automatically obliged to make interest payments to investors invested in the 2 Year Account.

Investor Reserve – 2 Year Account

Investors in the 2 Year Account may benefit from the dedicated Investor Reserve held by La Trobe Financial which La Trobe Financial may use, in its sole discretion, to reduce volatility of investment returns, cover expenses that could otherwise be charged to investors under the Fund Constitution, fund loss recovery actions for 2 Year Account investments and meet shortfalls on individual assets of the Account from time to time. Amounts are allocated to cover specific provisions. The dissection of the Investor Reserve between allocated and unallocated is shown in the below table:

	Dec 2022 $'000	Jun 2022 $'000
Unallocated Investor Reserve	13	-
Allocated Investor Reserve	-	-
Total Investor Reserve	**13**	**-**

Note 12 – 4 Year Account

The funds contributed by investors in the 4 Year Account are allocated between mortgage investments, note investments and cash, as follows:

	Dec 2022 $'000	Jun 2022 $'000
Funds composition		
Cash	6,542	1,388
Mortgage investments	37,187	22,376
Note investments	264,685	243,131
Total funds under management	**308,414**	**266,895**
Cash ratio	2.1%	0.5%
Movement reconciliation		
Opening balance	266,895	178,851
Applications	44,020	103,289
Redemptions	(2,501)	(15,245)
Closing balance	**308,414**	**266,895**

There is no concentration of investors in the 4 Year Account (30 June 2022: no concentration).

Mortgage investments analysis – 4 Year Account

Security stratification of the portfolio

	Dec 2022				Jun 2022			
Security classification	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR
Residential	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Commercial	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Construction & Development	3	2,893	7.8%	73.7%	-	-	0.0%	0.0%
Industrial	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Vacant Land	44	34,294	92.2%	63.9%	28	22,376	100.0%	63.1%
Rural	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Total Mortgage Investments	**47**	**37,187**	**100.0%**		**28**	**22,376**	**100.0%**	

The weighted average LVR of the 4 Year Account mortgage investments at 31 December 2022 was 64.6% (30 June 2022: 63.1%). The 4 Year Account has 1 mortgage investment for $6,000,000 representing more than 15% of the Account's funds under management (30 June 2022: 1 mortgage investment for $2,506,000).

Geographical stratification of the portfolio

	Dec 2022				Jun 2022			
State or territory	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount $'000	% of Total Loans Amount	Avg. LVR
ACT	-	-	0.0%	0.0%	-	-	0.0%	0.0%
NSW	12	16,471	44.3%	64.7%	5	5,932	26.5%	64.7%
VIC	21	9,538	25.6%	65.7%	14	9,345	41.8%	62.3%
QLD	9	7,589	20.4%	64.3%	6	3,868	17.3%	62.5%
SA	2	2,698	7.3%	62.6%	2	2,698	12.0%	62.8%
WA	2	777	2.1%	65.0%	1	533	2.4%	65.0%
TAS	1	114	0.3%	56.8%	-	-	0.0%	0.0%
NT	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Total Mortgage Investments	**47**	**37,187**	**100.0%**		**28**	**22,376**	**100.0%**	

Mortgage investments may discharge at maturities which differ to their contractual maturities. The expected maturities, based on the observed level of principal repayments of the mortgage investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022		Jun 2022	
	Expected maturities $'000	Contractual maturities $'000	Expected maturities $'000	Contractual maturities $'000
Not longer than 6 months	6,136	4,634	3,692	-
More than 6 months but less than 12 months	5,123	1,483	3,083	2,604
More than 1 year but less than 2 years	8,556	30,490	5,148	17,772
More than 2 years but less than 3 years	5,733	580	3,449	2,000
More than 3 years but less than 5 years	7,682	-	4,622	-
Greater than 5 years	3,957	-	2,382	-
Total Note Investments	**37,187**	**37,187**	**22,376**	**22,376**

Mortgage investments performance analysis – 4 Year Account

An analysis of the outstanding principal relating to mortgage investments is detailed below:

	Dec 2022				Jun 2022			
	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000	No. of Loans	Investment balance $'000	Investment balance %	Past due balance $'000
Performing*	**47**	**37,187**	**100.0**	**-**	**28**	**22,376**	**100.0**	**-**
Non-performing**								
– 31 to 60 days	-	-	-	-	-	-	-	-
– 61 to 90 days	-	-	-	-	-	-	-	-
– 91 to 180 days	-	-	-	-	-	-	-	-
– 181+ days	-	-	-	-	-	-	-	-
– Mortgage in possession	-	-	-	-	-	-	-	-
Total Non-performing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**47**	**37,187**	**100.0**	**-**	**28**	**22,376**	**100.0**	**-**

* The past due balance on performing loans represents arrears on loans less than 30 days past due, and the total balance on expired loans that continue to make required payments.
** The past due balance on non-performing loans represents arrears on loans greater than 30 days past due, the total balance of expired loans not making required pay-ments and the total balance of loans in possession.

Provision for mortgage impairments

	Dec 2022 $'000	Jun 2022 $'000
Collective	9	3
Economic overlay	9	3
Specific impaired	-	-
Total provision	**18**	**6**

Ratios

	Dec 2022 $'000	Jun 2022 $'000
Total Investments	308,414	266,895
Total non-performing investments	-	-
Non-performing assets ratio	0.00%	0.00%
Provision to total investments ratios		
Collective provisions	9	3
Collective provisions ratio	0.00%	0.00%
Economic overlay	9	3
Economic overlay ratio	0.00%	0.00%
Specific impaired provision	-	-
Total specific impaired provision to total investments ratio	0.00%	0.00%
Total provision	18	6
Total provision to total investments ratio	0.00%	0.00%

	Dec 2022 $'000	Dec 2021 $'000
Bad & Doubtful Debts (BDD) expense ratios to total investments ratios		
Net shortfall crystallised	-	-
Net shortfall crystallised ratio (net shortfall crystallised to total investments)	0.00%	-
Net BDD	12	-
Net BDD ratio (net BDD to total investments)	0.00%	-
Total BDD	12	-
Total BDD ratio (total BDD to total investments)	0.00%	-

There are no mortgages in possession held by the 4 Year Account, with no collaterals in the form of real property held at balance date. Under individual mortgage agreements, the Responsible Entity can dispose of the collateral held. This real property is disposed of on the open market, typically within 6 months of possession. The value of the collateral for an individual mortgage investment may be less than the relevant investment balance, which results in the recognition of specific provisions.

Hardship – 4 Year Account

It is recognised that a borrower's life circumstances may change occasionally, influencing their ability to maintain their repayment obligations. It is a requirement of the NCCP to assist borrowers who may be experiencing hardship whenever possible. Hardship assistance can be provided in many forms to suit the circumstances of the borrowers. The effect on arrears will depend on whether repayments are capitalised and timing of that capitalisation which may be upfront or at conclusion of the hardship arrangement.

Hardship is split into three categories for better understanding of the cause of hardship. Natural Disaster relates to events such as bushfire or floods. Pandemic relates to broad community based health crises such as COVID-19 that may also have significant economic ramifications. Individual circumstance captures all other causes of hardship and typically is related to temporary loss of employment or borrower health concerns.

	Dec 2022 $'000	Jun 2022 $'000
Hardship to total AUM ratio by cause:		
Individual circumstance	0.00%	0.00%
Natural Disaster	0.00%	0.00%
Pandemic	0.00%	0.00%
Hardship to total AUM ratio	0.00%	0.00%
Outstanding principal of mortgage investments in hardship	-	-
Collateral held for mortgage investments in hardship	-	-
Asset coverage ratio – Hardship	0.00X	0.00X

Note investments analysis – 4 Year Account

Note investments have a contractual maturity based on the call option or conclusion of senior funding as documented for the relevant residential mortgage backed securities trust. Note investments may be redeemed at maturities which differ to their contractual maturities. The expected maturities of the note investments portfolio (referred to as the "constant prepayment rate"), and the contractual maturities are contained in the following table:

	Dec 2022		Jun 2022	
	Expected maturities $'000	Contractual maturities $'000	Expected maturities $'000	Contractual maturities $'000
Not longer than 6 months	405	405	54,383	-
More than 6 months but less than 12 months	204,376	201,610	11,141	-
More than 1 year but less than 2 years	38,748	30,700	108,344	168,479
More than 2 years but less than 3 years	10,022	-	55,548	50,160
More than 3 years but less than 5 years	11,134	31,970	13,715	24,492
Greater than 5 years	-	-	-	-
Total Note Investments	**264,685**	**264,685**	**243,131**	**243,131**

Note investments of the 4 Year Account at 31 December 2022, includes outstanding principal of $264,685,000 (30 June 2022: $243,131,000), which can be analysed in the following stratifications:

As at 31 December 2022

	Weighted Avg. Credit Support	Invested Amounts $'000	% of Total Invested Amounts	Charge Offs $'000	Stated Amounts $'000
Note classification					
– Rated	4.28%	32,375	12.2%	-	32,375
– Not rated	2.88%	232,310	87.7%	-	232,340
Total Note Investments		**264,685**			**264,685**

As at 30 June 2022

	Weighted Avg. Credit Support	Invested Amounts $'000	% of Total Invested Amounts	Charge Offs $'000	Stated Amounts $'000
Note classification					
– Rated	3.55%	64,971	26.7%	-	64,971
– Not rated	4.38%	178,160	73.3%	-	178,160
Total Note Investments		**243,131**			**243,131**

At balance date, all note investments were held in entities for which the Fund's Investment Manager is the Servicer and Originator.

Liquidity management – 4 Year Account

In relation to the 4 Year Account investors are required to invest for a minimum of four years with no automatic right of withdrawal of investors' investments during this period of investment. Where redemption is not requested more than 3 months prior to the conclusion of the fourth year the investment will automatically roll for a further two years. Requests for redemptions made upon expiry of each investment term are met within 21 days of month end, explicitly subject to the liquidity levels of the 4 Year Account.

Liquidity levels of the 4 Year Account are managed in order to balance the competing priorities of foreseeable redemption liquidity requirements and maximising investment returns. This includes consideration of significant changes in the economic and operating environment. Where liquidity levels dictate, 4 Year Account investors will receive delayed redemptions and/or will be progressively paid out partial amounts of their respective requested redemption in accordance with the Product Disclosure Statement.

From time to time, note investments may be repaid by the note issuer resulting in liquidity in excess of requirements. In this situation or where a substitute investor wishes to participate in the 4 Year Account, an existing investor, who has so consented, may be redeemed into another investment account with the Fund. The Fund is not automatically obliged to make interest payments to investors invested in the 4 Year Account.

This approach substantially manages the liquidity risk of the 4 Year Account.

Aged assets analysis – 4 Year Account

As no underlying note investments were past due at 31 December 2022 and 30 June 2022, no aged assets analysis is presented.

Note 13 – Financial risk management

All aspects of the Fund's financial risk management objectives and policies are consistent with that disclosed in the Annual Report for the year ended 30 June 2022.

Note 14 – Commitments and contingencies

The Fund does not have any commitments or contingent liabilities as at 31 December 2022.

Note 15 – Reclassification of financial information

In the 30 June 2022 annual financial report, the Fund has made a voluntary change to the Cash Flow Statement to better reflect the mortgage investments, note investments and investor funds consistent with the operations of La Trobe Financial. This presentation change alters the categorisation of individual items without impacting the net movement in closing cash. The impact of the change on the comparative year Cash Flow Statement is as follows:

	As previously reported $'000	**Adjustments $'000**	**As restated $'000**
Cash Flows from operating activities	121,753	(203,352)	(81,599)
Cash Flows from investing activities	(1,302,422)	1,302,422	-
Cash Flows from financing activities	1,099,070	(1,099,070)	-

The balances have been reclassified from investing/financing to operating cash flows to reflect that they relate to the underlying operations of the Fund. Implementation of this change in presentation has caused no overall impact to the closing cash held position of the Fund.

Note 16 – Events subsequent to balance date

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

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

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the Financial Statements and Notes set out on pages 14 to 57 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, AASB 134 *Interim Financial Reporting, the Corporations Regulations 2001* and other mandatory professional reporting requirements;

(ii) giving a true and fair view of the La Trobe Australian Credit Fund's financial position as at 31 December 2022 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and

(b) there are reasonable grounds to believe that the La Trobe Australian Credit Fund will be able to pay its debts as and when they become due and payable.

Note 2 to the Financial Statements confirms that the Financial Statements also comply with International Financial Reporting Standard 34 as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.

Rowan Donohoue
Chairman
La Trobe Financial Asset Management Limited
Fund Responsible Entity

Melbourne
3 March 2023

AUDITOR'S REVIEW REPORT

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Independent auditor's review report to the unitholders of the La Trobe Australian Credit Fund

Conclusion

We have reviewed the accompanying half-year financial report of the La Trobe Australian Credit Fund (the Fund), which comprises the balance sheet as at 31 December 2022, the income statement, the statement of equity adjustments, the statement of changes in equity and the cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Fund are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

AUDITOR'S REVIEW REPORT

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

John MacDonald
Partner
3 March 2023

La Trobe financial

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