



LA TROBE AUSTRALIAN CREDIT FUND ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024



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Melbourne VIC Australia 3000



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Sydney NSW Australia 2000



Shanghai Office

Building 1, 55 Aona Road,
Shanghai, China, 200021

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

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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

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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 Financial Report was authorised for issue by the directors of the Responsible Entity on 17 September 2024.

The Responsible Entity has the power to amend and reissue the Financial Report. La Trobe Financial believes that statements of opinion or fact in this document or any accompanying letter which are additional to the Financial Report of the Fund and the Auditor's Report on the 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.



This Annual Report covers the La Trobe Australian Credit Fund (the **Fund**) as an individual reporting entity. The 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). 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.

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Message from the Chairman of the Compliance Committee

The role of the Compliance Committee of La Trobe Financial Asset Management Limited (**La Trobe Financial**) is an important one. Under the Corporations Act 2001, the Compliance Committee is charged with the critical duty of monitoring the extent to which the operations and procedures of La Trobe Financial comply with the Constitution of the La Trobe Australian Credit Fund (**Credit Fund**) and its Compliance Plan. In this role, the Compliance Committee is supported by an audit of the Fund Compliance Plan by La Trobe Financial's statutory auditor, Ernst & Young. Two of the three Compliance Committee members are independent and external to La Trobe Financial.

As Chairman of the Compliance Committee of La Trobe Financial, I am pleased to report that the Credit Fund has produced another financial year of strong and consistent returns for investors.

The careful and disciplined approach to the construction and management of investment portfolios has ensured that no investor in any of the Credit Fund's portfolio accounts suffered a loss of investor capital. The thoughtful deployment of investor capital into high-quality assets ensured that this performance profile has been repeated across the 35-year history of the Credit Fund. We remain ever vigilant to the macroeconomic environment in which we operate, with investment portfolios designed to perform throughout the cycle.

La Trobe Financial reached a milestone \$20 billion in assets under management during the financial year, which has come on the back of a period of consistent growth. La Trobe Financial is ranked in the top 10 fastest growing managers in the twelve months to 30 June 2024 and the third highest average ranked manager over the last two years. That growth profile is also reflected in the Credit Fund now delivering investment solutions to over 100,000 everyday Australian investors. All of which is a testament to the hard work and dedication of the La Trobe Financial team, and to the trust that investors place in the Credit Fund.

During the financial year, La Trobe Financial completed a re-platforming of its online investment platform – La Trobe Direct – delivering better functionality and enhanced security for investors. Cyber security remains an ongoing focus, and La Trobe Financial has made significant investment over decades to ensure that our cyber risk management framework remains 'best in class' to protect the interests of our customers. Rest assured that cyber security is – and will continue to be – a key area of focus for the Compliance Committee in financial year 2025 and the years beyond.

Regulatory compliance standards remain strong, and the company had pleasing results in its post-implementation review of key regulatory changes including in respect of the compliance with Design and Distribution obligations, Breach Reporting obligations, and requirements with respect to internal dispute resolution processes and reporting. During the financial year, La Trobe Financial completed its project to modernise and simplify the Fund Constitution. This was an important step to ensure the Credit Fund has the right platform to support the future growth and development of the Fund for the benefit of all investors.

La Trobe Financial continues to place importance on the preparedness and training of its staff to ensure these obligations were and continue to be met without any interruption to ongoing business activity, reflecting the deeply ingrained compliance culture embedded within the fabric of the organisation.

Finally, La Trobe Financial has launched its US Private Credit Fund to market, providing everyday income-focused Australian investors a unique opportunity to gain exposure to a U.S. direct lending strategy delivering a low-volatility premium income stream. With a retail class offered to market from 1 July 2024, the Compliance Committee will be focussed on ensuring the highest level of compliance within the operations and procedures of La Trobe Financial to comply with our legal and regulatory requirements.

The Compliance Committee remains committed to compliance, always having regard to the best interests of all members.

I am pleased to present the Annual Report for the Fund, together with the (unqualified) audit opinion.

Sincerely,



John Marriott

Chairman of the La Trobe Financial Asset Management Limited Compliance Committee

Melbourne

17 September 2024

Message from the Chief Investment Officer

Financial year 2024 was a milestone year for La Trobe Financial.

We created an extraordinary \$645m in additional wealth in financial year 2024. This was a new peak in wealth created for everyday Australian investors: for mum & dad investors looking to support their lifestyle requirements; for individuals who are seeking a prosperous future, or for those transitioning towards a dignified retirement.

Now with over \$20bn under management on behalf of over 100,000 investors, La Trobe Financial is among the largest asset managers in Australia.

Our La Trobe Australian Credit Fund (**Credit Fund**) passed \$10bn in assets under management during the financial year and is \$11.3bn at the time of writing. And we are raising more capital than ever before, with an additional \$960m raised in H2FY24, a new H2FY peak.

Our most cherished of milestones however is the 35 years of impeccable performance we have delivered for investors. An incredible 35 years where no investor has ever lost a cent of invested capital in our portfolio accounts.

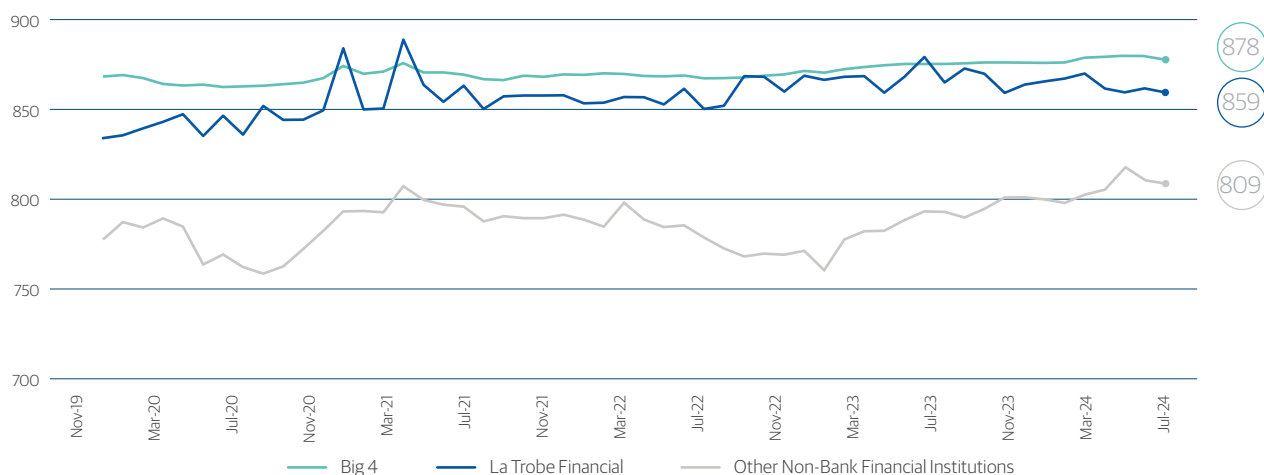
Commitment to Our Investment Fundamentals

Our history of impeccable performance and the delivery of a premium low-volatility income is driven by our commitment to our investment fundamentals.

Each month, we are deploying \$1 billion into high-quality self-originated assets on behalf of our institutional, wholesale and retail investors. Our ability to generate a pipeline of high-quality assets makes us peerless in our chosen markets. It allows us to be selective in the assets we invest into. In fact, the average credit score of our borrowers is comparable to that of the big 4 banks.

Investment quality remains strong

Score by lender



We have long spoken about the importance of diversification. With 11,202 individual loan assets, our portfolios are diversified by borrower type, security type and geography. Within our portfolios we embed conservatism to insulate investors from market volatility. Our 80% maximum loan-to-valuation ratio is a key component of this, with the Credit Fund average just 64.4%.

Message from the Chief Investment Officer

Performance Throughout the Cycles

Distribution rates within the Credit Fund are at their highest point in a decade. And during the financial year, we processed two out-of-cycle increase to our headline rates. These increases reflect the ongoing health of our investment portfolios, with Credit Fund arrears just 3.04% at the time of writing. Across the financial year we declared distributions of \$645m (+38% pcp) to investors.

Performance Profile by Account

	Compound 1 year return (FY 2024)	Premium over benchmark	Interest Paid (FY 2024)
Classic Notice Account	5.19%	0.31%	48,916,000
90 Day Notice Account	5.50%	0.10%	15,261,000
6 Month Notice Account	5.76%	-0.16%	7,294,000
12 Month Term Account	6.72%	0.81%	505,339,000
2 Year Term Account	6.83%	0.76%	5,844,000
4 Year Account	8.48%	0.97%	37,165,000
Select Investment Account	9.04%	N/A	24,493,000
Total			644,312,000

Product Update

Our ability to deliver a premium, low-volatility income across the cycle was recognised during the financial year. We welcomed 9,719 new investors to La Trobe Financial and now manage assets for over 100,000 investors.

We are proud that our 12 Month Term Account has been recognised as “Best of the Best” by Money magazine for 15 consecutive years. And that our Investment Team was recognised as “2024 Best Investment Management Team” for a 5th consecutive year by Capital Financial International Magazine. We maintained our discipline of having Australia’s leading rating agencies apply an external lens over our Credit Fund. We are pleased that the Credit Fund, the 12 Month Term Account and our Select Investment Account all upheld their respective ratings during the financial year.

Finally, we are delighted to have successfully launched our La Trobe US Private Credit Fund. It provides everyday Australian investors with a unique, defensive exposure to U.S. mid-market private credit. This is a product we brought to market for three reasons. First, the breadth and depth of the US middle market. Second, the focus and support the US middle market receives from the entire US polity. Third, we have unique access to an outstanding pipeline of high-quality, non-cyclical assets through our program sub-adviser, Morgan Stanley.

We look forward to launching additional high-quality investment strategies in financial year 2025.

Outlook

While the financial year is anew, our commitment to our investors is unchanged.

We remain committed to our investment fundamentals and to repeating our history of impeccable performance for investors. We remain committed to providing market-leading transparency and to making our key investment personnel available to you at our Meet the Manager events across Australia. We remain committed to delivering the highest standards of service across the financial services industry.

Our ongoing commitment has made us a trusted partner for over 100,000 investors as we have proven to be dependable stewards of your capital.

We thank you for interest and your investment with La Trobe Financial

Yours sincerely,



Chris Paton

Chief Investment Officer

Melbourne

17 September 2024

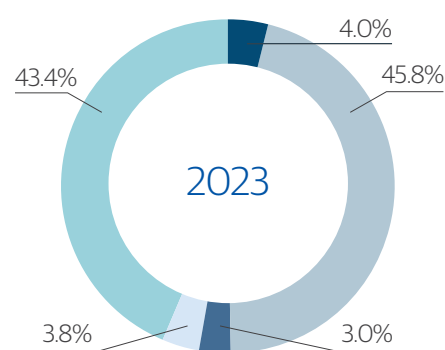
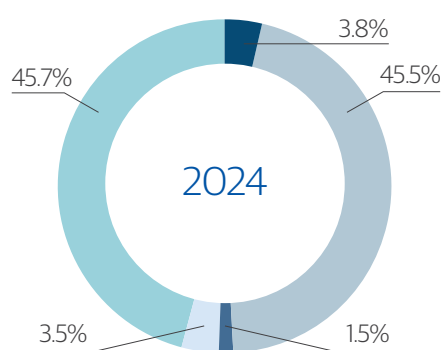
Fund Portfolio Composition

Investment & Security Types

Asset classification	2024			2023		
	No. of Loans	Amount \$'000	% of Total Loan Amounts	No. of Loans	Amount \$'000	% of Total Loan Amounts
Cash		491,409			282,077	
Credit Assets		495,071			282,059	
Mortgage Investments						
- Residential	5,987	5,189,377	52.2%	7,691	5,322,482	60.7%
- Commercial	1,917	1,723,149	17.3%	1,722	1,329,045	15.1%
- Construction & Development	520	1,376,064	13.8%	346	720,258	8.2%
- Industrial	1,688	1,157,977	11.6%	1,516	946,863	10.8%
- Vacant Land	563	464,279	4.7%	490	436,708	5.0%
- Rural	43	29,574	0.4%	39	17,311	0.2%
Total	10,718	9,940,420	100.0%	11,804	8,772,667	100.0%
Total Assets Under Management (AUM)		10,926,900			9,336,803	

Funding Sources

Source	2024		2023	
	Amount \$'000	%	Amount \$'000	%
Authorised Representatives	407,421	3.8%	367,299	4.0%
Financial Planner	4,878,333	45.5%	4,205,572	45.8%
Institutional	160,824	1.5%	275,474	3.0%
Referrer	375,256	3.5%	348,934	3.8%
Retail	4,899,778	45.7%	3,985,192	43.4%
Total	10,721,612	100.0%	9,182,471	100.0%
Borrower funds & accounts receivable	205,288		154,332	
Assets	10,926,900		9,336,803	

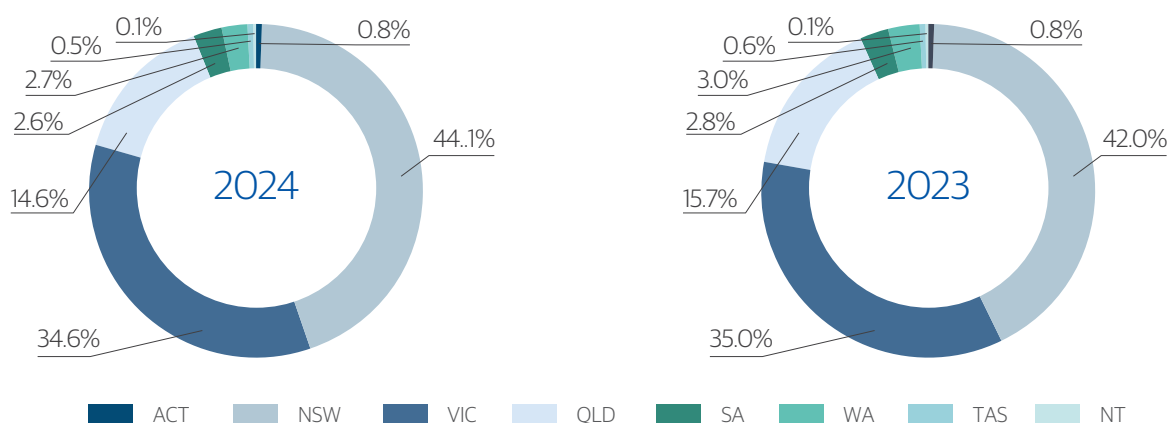


Authorised Representatives
 Financial Planner
 Institutional
 Referrer
 Retail

Fund Portfolio Composition

Distribution by State or Territory

State or Territory	2024			2023		
	No. of Loans	Amount \$'000	% Book	No. of Loans	Amount \$'000	% Book
Cash		491,409			282,077	
Credit Assets		495,071			282,059	
Mortgage Investments						
- ACT	114	78,702	0.8%	103	71,852	0.8%
- NSW	2,951	4,385,819	44.1%	3,151	3,682,685	42.0%
- VIC	3,917	3,437,647	34.6%	4,408	3,073,492	35.0%
- QLD	2,509	1,453,727	14.6%	2,876	1,373,086	15.7%
- SA	491	258,114	2.6%	518	247,338	2.8%
- WA	596	267,438	2.7%	595	266,769	3.0%
- TAS	109	48,370	0.5%	130	49,887	0.6%
- NT	31	10,603	0.1%	23	7,558	0.1%
Total	10,718	9,940,420	100.0%	11,804	8,772,667	100.0%
Assets Under Management		10,926,900			9,336,803	



Directors' Report

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 statements of the Fund and auditor's report for the financial year ended 30 June 2024.

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 (**PDS**) and Supplementary Product Disclosure Statements (**SPDS**) 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 wholly owned subsidiary of La Trobe Financial Pty Limited. Brookfield Asset Management Ltd, incorporated in Canada, and management, holds a 100% interest in La Trobe Financial Pty Limited.

The Compliance Committee of La Trobe Financial comprises a majority of Members who are independent and was formed in accordance with Part 5C.5 of the *Corporations Act 2001*. The Compliance Committee's primary focus is to ensure compliance with the licensing and regulatory obligations of the Responsible Entity. The following persons were Members of the Compliance Committee during the year ended 30 June 2024 and up to the date of this Directors' Report:

Independent Compliance Committee Members

Mr J Marriott, Chairman
Mr G Parlevliet

Executive Compliance Committee Members

Mr C Paton

The following persons were Directors of La Trobe Financial during the year ended 30 June 2024 and up to the date of this Directors' Report:

Mr C Andrews
Mr M Barry
Mr R Donohoue
Mr C Paton

The Investment Manager

The 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).

Principal activities

During the year ended 30 June 2024, 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 PDS and in accordance with the provisions of the Fund's Constitution and the Responsible Entity's Compliance Plan.

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 year ended 30 June 2024.

Directors' Report

Review and results of operations

As described in the Fund's PDS, the Fund operates with seven Investment Accounts (collectively known as investment accounts) for investors:

1. Classic Notice Account;
2. 90 Day Notice Account;
3. 6 Month Notice Account;
4. 12 Month Term Account;
5. 2 Year Account;
6. 4 Year Account; and
7. Select Investment Account.

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

As outlined in the PDS, the Select Investment Account comprises 'peer-to-peer' investments being:

- loans secured by mortgages;
- third party originated books for which La Trobe Financial takes on the administration on a "workout recovery basis". These portfolios may be referred to as a "closed investment mandate"; and
- specific investment mandates agreed with individual investors.

La Trobe Financial does not guarantee the performance of any investment account or mandate, however all investment accounts apart from the Select Investment Account benefit from specific dedicated Investor Reserves. La Trobe Financial maintain these identifiable Investor Reserves by investment account for the sole benefit of Fund investors respectively, in order to manage credit risk and income risk of the investors.

Funds and Assets Under Management

For the purpose of the Directors' Report, all investment accounts of the Fund are aggregated, as all Investment Accounts are part of the same registered scheme. These investment accounts in aggregate are referred to as 'Funds Under Management' (when referring to total investor funds) 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	2024	2023
Average annualised rate of return of investors*:		
- Classic Notice Account	5.07%	3.74%
- 90 Day Notice Account	5.37%	4.05%
- 6 Month Notice Account	5.62%	4.30%
- 12 Month Term Account	6.52%	5.39%
- 2 Year Account	6.62%	5.49%
- 4 Year Account	8.17%	6.75%
- Select Investment Account	8.69%	7.89%
Number of investors	101,462	91,756

* Based on a nominal dollar invested into the Fund for the twelve months ended 30 June 2024 with no reinvestment. For the above purposes, the rate of return for the Select Investment Account is reflective of all applicable investments in the Select Investment option collectively. The above measure of average rate of return is only a measure of a nominal dollar in the relevant investment 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.

Directors' Report

Funds Under Management Statistics	2024 \$'000	2023 \$'000
Investors' interest distribution paid or payable in respect of each Fund investment account:		
- Classic Notice Account	48,916	28,207
- 90 Day Notice Account	15,261	12,381
- 6 Month Notice Account	7,294	3,750
- 12 Month Term Account	505,339	375,312
- 2 Year Account	5,844	3,975
- 4 Year Account	37,165	21,037
- Select Investment Account	24,493	23,314
Total investors' interest distribution paid and payable	644,312	467,976

The level of applications and redemptions vary by investment account, reflecting the different purpose and notice periods for each, as outlined in the PDS.

	Opening balance \$'000	Applications \$'000	Redemptions \$'000	Closing balance \$'000
Classic Notice Account	777,455	1,354,974	(1,068,361)	1,064,068
90 Day Notice Account	290,753	118,926	(110,344)	299,335
6 Month Notice Account	111,565	85,659	(61,583)	135,641
12 Month Term Account	7,278,454	2,507,704	(1,487,519)	8,298,639
2 Year Account	81,247	23,569	(10,751)	94,065
4 Year Account	360,515	192,215	(15,770)	536,960
Select Investment Account	281,454	290,778	(279,998)	292,234
Total Funds Under Management (FUM)	9,181,443	4,573,825	(3,034,326)	10,720,942

Directors' Report

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

Assets Under Management Statistics	2024 \$'000	2023 \$'000
Mortgage Investments	9,940,420	8,772,667
Notes and other Investments	495,071	282,059
Cash	491,409	282,077
Borrower receivables and accruals	27,107	26,091
Total Assets Under Management (AUM)	10,954,007	9,362,894
Assets Under Management growth rate	17.0%	21.9%
Total number of mortgage investments	10,718	11,804
Average loan size	\$927,451	\$743,189
Range of loan sizes	\$100 - \$25,000	\$100 - \$25,000
Weighted average loan to valuation ratio	61.6%	62.5%
Total amount in arrears as % of total loan balance	0.45%	0.36%
Total income on mortgages, notes, other investments and cash during the year (\$'000)	842,146	647,292

Security and Geographical exposures

The Fund operates within Australia.

Mortgage investments under management by security stratification:

Security classification	2024				2023			
	No. of Loans	Amount \$'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount \$'000	% of Total Loans Amount	Avg. LVR
Residential	5,987	5,189,377	52.2%	65.5%	7,691	5,322,482	60.7%	65.8%
Commercial	1,917	1,723,149	17.3%	63.6%	1,722	1,329,045	15.1%	63.6%
Construction & Development	520	1,376,064	13.8%	63.8%	346	720,258	8.2%	63.7%
Industrial	1,688	1,157,977	11.6%	63.9%	1,516	946,863	10.8%	64.9%
Vacant Land	563	464,279	4.7%	50.4%	490	436,708	5.0%	53.7%
Rural	43	29,574	0.4%	48.5%	39	17,311	0.2%	47.4%
Total Mortgage Investments	10,718	9,940,420	100.0%		11,804	8,772,667	100.0%	

Directors' Report

Mortgage investments under management by state or territory of Australia:

State or territory	2024				2023			
	No. of Loans	Amount \$'000	% of Total Loans Amount	Avg. LVR	No. of Loans	Amount \$'000	% of Total Loans Amount	Avg. LVR
ACT	114	78,702	0.8%	67.1%	103	71,852	0.8%	65.2%
NSW	2,951	4,385,819	44.1%	63.1%	3,151	3,682,685	42.0%	63.4%
VIC	3,917	3,437,647	34.6%	64.3%	4,408	3,073,492	35.0%	65.3%
QLD	2,509	1,453,727	14.6%	65.4%	2,876	1,373,086	15.7%	65.5%
SA	491	258,114	2.6%	65.2%	518	247,338	2.8%	66.1%
WA	596	267,438	2.7%	65.1%	595	266,769	3.0%	65.9%
TAS	109	48,370	0.5%	65.1%	130	49,887	0.6%	62.9%
NT	31	10,603	0.1%	67.5%	23	7,558	0.1%	63.5%
Total Mortgage Investments	10,718	9,940,420	100.0%		11,804	8,772,667	100.0%	

Investors have access to monthly Fund metrics updated at latrobefinancial.com.au.

Indirect cost ratio

The Indirect Cost Ratio (ICR) is a measure of the annual ongoing investment management fees of the relevant investment account incurred prior to interest distributions to investors, measured against funds under management for the year for each investment option. The calculation of the ICR is on a cash basis, utilising the daily average funds under management while the investment management fees reflects those fees received by La Trobe Financial and other similar expenses.

	Classic Notice Account \$'000	90 Day Notice Account \$'000	6 Month Notice Account \$'000	12 Month Term Account \$'000	2 Year Account \$'000	4 Year Account \$'000	Select Investment Account \$'000	Total Fund \$'000
30 June 2024								
Total ICR related expenses	26,796	6,915	3,024	144,581	1,952	1,725	4,496	189,489
Average investor funds	961,093	284,012	129,609	7,712,721	88,015	453,723	279,260	9,908,433
ICR	2.79%	2.43%	2.33%	1.87%	2.22%	0.38%	1.61%	1.91%

Events subsequent to balance date

No matter or circumstance has arisen since 30 June 2024 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

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

Directors' Report

Likely developments

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

Further information on likely developments in the operation of the Fund and the expected results of those operations have not been included in this report because the directors believe that disclosure would likely result in unreasonable commercial prejudice to future economic opportunities for the Fund.

Related party transactions

Fees paid to La Trobe Financial or its associates out of Fund property during the year are disclosed in Note 12 to the financial statements. Interests in the Fund held by La Trobe Financial or by its directors or related parties during the financial year are disclosed in Note 14 to the financial statements.

No fees were paid out of Fund property to the directors of La Trobe Financial during the year.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

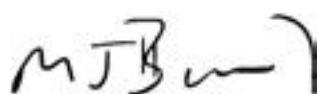
Rounding of amounts

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 and financial statements 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 year ended 30 June 2024. The Auditor's Independence Declaration is set out on page 15 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.



Martin Barry

Chief Financial Officer & Director
La Trobe Financial Asset Management Limited
Fund Responsible Entity

Melbourne
17 September 2024

Auditor's Independence Declaration



**Building a better
working world**

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Auditor's independence declaration to the directors of La Trobe Financial Asset Management Limited as Responsible Entity for La Trobe Australian Credit Fund

As lead auditor for the audit of the financial report of La Trobe Australian Credit Fund for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'John MacDonald'.

John MacDonald
Partner
17 September 2024

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Balance Sheet

As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Investments			
Cash		491,409	282,077
Notes and other investments		497,167	283,305
Mortgage investments		9,926,727	8,768,747
Total Investments	8	10,915,303	9,334,129
Other assets			
Borrower receivables		29,874	22,378
Interest receivables		2,216	945
GST receivable		6,614	5,442
Total other assets		38,704	28,765
Total assets		10,954,007	9,362,894
Liabilities			
Accounts payable	9	99,064	81,837
Investor and borrower funds payable		134,001	99,614
Total liabilities (excluding investors' funds)		233,065	181,451
Net assets		10,720,942	9,181,443
<i>Represented by each Fund investment account:</i>			
Classic Notice Account		1,064,068	777,455
90 Day Notice Account		299,335	290,753
6 Month Notice Account		135,641	111,565
12 Month Term Account		8,298,639	7,278,454
2 Year Account		94,065	81,247
4 Year Account		536,960	360,515
Select Investment Account		292,234	281,454
Total investors' funds	10	10,720,942	9,181,443

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

Income Statement

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue			
Interest on authorised investments			
- Cash	6	12,734	9,699
- Notes and other investments	6	34,520	20,565
- Mortgage investments	6	794,892	617,028
Application and servicing fees		44,284	45,037
Total revenue		886,430	692,329
Operating expenses			
Responsible entity fees			
- Investment management fees		157,974	140,212
- Referral fees to third parties		45,146	40,596
Borrower and other fees		31,485	31,254
Bad and doubtful debts charge	8(d)	7,489	12,276
Other expenses		24	15
Total operating expenses		242,118	224,353
Interest distribution			
Classic Notice Account	7	48,916	28,207
90 Day Notice Account	7	15,261	12,381
6 Month Notice Account	7	7,294	3,750
12 Month Term Account	7	505,339	375,312
2 Year Account	7	5,844	3,975
4 Year Account	7	37,165	21,037
Select Investment Account	7	24,493	23,314
Total interest distribution		644,312	467,976
Profit for the year		-	-

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

Statement of Equity Adjustments

For the year ended 30 June 2024

	2024 \$'000	2023 \$'000
Profit for the 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 year ended 30 June 2024

	2024 \$'000	2023 \$'000
Total equity		
- at the start of the year	-	-
- profit plus direct equity adjustments	-	-
- transactions with owners	-	-
Total equity at the end of the year	-	-

Under Australian 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 year.

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

Cash Flow Statement

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Net increase / (decrease) in investor funds		920,314	1,206,328
Net (increase) / decrease in mortgage investments		(1,379,690)	(1,555,259)
Net (increase) / decrease in notes and other investments		18,497	(38,306)
Borrower interest repayments		816,032	634,831
Interest received on cash		11,463	8,935
Interest received on notes and other investments		34,520	20,565
Investment management fees on mortgage investments		7,480	11,426
Application and servicing fees received		140,681	112,698
Responsible entity fees:			
– paid to Investment manager		(187,914)	(185,295)
– paid as referral fees to third parties		(142,809)	(114,000)
Borrower and other fees paid		(29,219)	(24,072)
Other operating expenses		(23)	(15)
Net cash inflow/(outflow) from operating activities	15	209,332	77,836
Net increase/(decrease) in cash		209,332	77,836
Cash held at the start of the year		282,077	204,241
Cash at the end of the year		491,409	282,077

The above Cash Flow Statement should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

Note 1 – General information

These financial statements covers the La Trobe Australian Credit Fund (**the Fund**) as an individual reporting entity.

The Fund is domiciled and registered in Australia and these financial statements are presented in Australian dollars, which is the Fund's 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.

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.

Note 2 – Basis of preparation

This is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**), 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 of the previous year. 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 statements have 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 statements. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Balance sheet	Statement of financial position
Cash flow statement	Statement of cash flows
Direct equity adjustments	Other comprehensive income
Profit plus direct equity adjustments	Total comprehensive income
Interest distribution	Distribution to investors
Shortfall	Expected credit loss (ECL)
Key executives	Key management personnel

Compliance with Australian and International Accounting Standards

The financial statements of the Fund comply with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and International Financial Reporting Standards (**IFRS**) issued 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 statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 3 – Summary of material accounting policies

1. Assets

1.1. Classification and measurement of financial assets

The classification of financial assets under AASB 9 *Financial Instruments* (AASB 9) is generally based on the business model under which the assets are managed and the contractual cash flow characteristics. The business model of the Fund's mortgage, notes and other investments is to hold the assets to maturity unless required to be disposed to meet investment mandates. As a result, mortgage, notes and other investments are considered to be held to collect contractual cash flows and continue to be measured at amortised cost less impairment.

1.2. Mortgage investments

Mortgage investments comprise loans secured by registered property mortgages. An independent valuation of each security is obtained at the inception of the loan. Asset impairments are recognised to the extent the mortgage investments are not recoverable.

1.3. Notes and other investments

The Fund includes the 6 Month Notice Account and 4 Year Account which enables investors to invest in mezzanine mortgage notes being medium term credit assets underpinned by Australian residential and commercial real property. Mezzanine notes permitted within these mandates are generally issued by securitisation warehouses, residential mortgage backed securities (RMBS) or commercial mortgage backed securities (CMBS) vehicles.

The underlying investments of such vehicles are secured by registered real property mortgages and independent sworn valuations (or municipal rates notice valuations) of each underlying security are obtained at the inception of each mortgage asset, as disclosed in the PDS.

Other investments include loans which are receivable when each fall due or prior to expiry date. As these loans are held to collect contractual cash flows, they are measured at amortised cost less impairment, in accordance with AASB 9.

Asset impairments are recognised to the extent the note and other investments are not recoverable.

1.4. Provisioning – Mortgage Investments

Shortfalls on the amounts invested in mortgage investments are borne by Fund investors as ordinary investment risk.

For impairment provisioning purposes, the Responsibility Entity allocates all mortgage investments into four distinct categories: performing, early arrears, default and specific impaired.

Performing

Mortgage investments are classified as performing where there has been no significant increase in credit risk since settlement. Provisions reflect forecasted shortfalls based on historical loss experience in the preceding 12 month period. The Responsible Entity also considers forward looking information to address whether the historical loss rate is inconsistent with expectations taking into account future economic conditions such as unemployment rates, lending indicators and property prices. This is referred to as Stage 1 (or 12 month ECL) under AASB terminology.

Early Arrears

Mortgage investments are classified as early arrears when they are in arrears greater than 30 days, or they have investment characteristics indicating an increase in credit risk, but not such that default is probable and they have not been assessed for specific provisioning. Expected shortfalls of the ultimate total loss are forecast for each investment allowing for a probability of default over the remaining term of the mortgage investment and net foreclosure proceeds. This is referred to as Stage 2 (or lifetime ECL credit impaired) under AASB terminology.

Default

Mortgage investments are classified as default when they are in arrears greater than 90 days and their investment characteristics indicate default is more probable than not and they have not been assessed for specific provisioning. Expected shortfalls of the ultimate total loss are forecast based on the projected net foreclosure proceeds for each investment allowing for a probability of foreclosure. This forms part of Stage 3 (or lifetime ECL credit impaired) under AASB terminology.

Specific impaired

The Responsible Entity estimates provisions on a specific basis when there are quantitative or qualitative factors indicating that an individual mortgage investment may be impaired. The provision is determined as the expected shortfall between the outstanding balance and the mortgage security after accounting for costs of realisation. This forms part of Stage 3 (or lifetime ECL credit impaired) under AASB terminology.

Quantitative factors that trigger the Responsible Entity to assess the potential specific impairment of mortgages include:

- in arrears greater than 90 days; and
- Loan to Valuation Ratio (LVR) exceeding 80 percent.

Qualitative factors that trigger the Responsible Entity to assess the potential specific impairment of mortgages include:

- the nature and substance of communication with borrowers in arrears; and
- assessment of past performance of similar loans, including characteristics such as collateral, location and loan purpose.

1.5. Provisioning - Note investments

Shortfalls on the amounts invested in note investments are borne by Fund investors as ordinary investment risk.

These investments seek to generate competitive risk-adjusted returns for investors and as such these mezzanine notes rank behind senior credit providers but ahead of Junior or Equity Note holders in the same securitisation warehouses, RMBS or CMBS vehicles.

Asset impairments are only recognised to the extent that note investments are not recoverable through future principal repayments from the underlying mortgage assets and paid to the Fund as the investors in the notes.

1.6. Cash

For purposes of the Cash Flow Statement, cash includes deposits at call with financial institutions and other highly liquid investments with short periods of three months or less to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

1.7. Interest receivable

Interest on cash balances is accrued using the effective interest rate method at the balance date from the time of last payment and is generally received within 30 days.

1.8. Other receivables

Other receivables are recognised at the amounts receivable when originated and are generally due for settlement within 30 days of becoming receivable, with the exception of amounts receivable from the Australian Taxation Office (ATO). Application fees receivable for funds under management are recognised upon receipt from borrowers. These receivables are measured on an amortised cost basis as they are held to collect contractual cash flows. Impairments are only recognised to the extent that receivables are not recoverable.

2. Liabilities

2.1. Accounts payable

These amounts represent liabilities for services provided to the Fund prior to the end of the financial year or amounts due on behalf of investors to the ATO under current Australian taxation legislation and which are unpaid (eg, withholding tax). The amounts are generally secured against mortgage investments or relate to cash balances held and are usually paid within 30 days of recognition.

Where amounts are payable to the Responsibility Entity, Investment Manager or other related parties, such arrangements are in accordance with the Fund's Constitution, PDS and/or the Investment Manager's investment management agreement.

2.2. Investors' funds

Investors' funds' are available for redemption subject to the investment terms applicable to each investment account as specified with the Fund's Constitution.

Under AASB 132 *Financial Instruments: Presentation*, investors investment interests are treated as financial liabilities of the Fund as there is an obligation to return funds to investors and are recognised and held at cost.

2.3. Interest distribution accrued

Under AASB 132, interest payments and interest distribution accrued relating to investors' interests are classified as interest distribution in the Fund's Income Statement.

Interest is paid monthly in arrears and is based on the variable rate for that period for the relevant investment account (for Classic Notice Account, 90 Day Notice Account, 6 Month Account, 12 Month Term Account, 2 Year Account and 4 Year Account) or relevant mandate (Closed Investment Mandates in the Select Investment Account). The interest for the month ended is accrued at month end based on the advertised crediting rate and adjusted where the final crediting rate declared after balance date differs from the advertised rate. This interest liability is supported by related cash balances held by the Fund (cleared and subject to clearance) and is generally paid within 14 days of the respective month end, once crediting rates have been declared.

3. Income and expenses on mortgages

As a result of measuring investments at amortised cost, revenues and certain investment related expenses are brought to account using the effective interest method. As prescribed by AASB 9, this method has the effect of recognising interest revenue and certain borrower fee revenues relating to the asset as interest revenue on an amortised basis over the expected life of the loan (evaluated by asset groups). The net unamortised portion of these amounts is recorded as an adjustment to the value of the investment.

Fees receiving this treatment include application and discharge fee revenues and capitalisation of trail referral fees and the corresponding expenses to the Responsible Entity and third parties. In all cases of the above revenue recognition under AASB 9 results in the recognition of a corresponding expense in relation to the Fund making on-payments resulting from the revenues. Borrower service fee revenues not receiving this treatment are accounted for in the period during which the related services are provided to the customer. Referral fees expenses (both up front and trail) are brought to account up front as a payable and in the value of the mortgage at inception. Under the effective interest rate method, the referral fees cost is amortised over the life of the investment and included in interest revenue. The expected effective average life of investments is disclosed in Note 5.

4. Income and expenses on note and other investments

Revenue earned on note and other investments are measured using the effective interest rate method. Any transaction costs are reflected in the effective interest rate.

5. Tax

Under existing Australian tax legislation, the net income derived (for taxation purposes) by the Fund is not subject to taxation provided it is fully distributed to investors either by way of cash or reinvestment to investors. The Fund calculates the investor distribution in accordance with taxation law and the Constitution requirements.

6. Goods and Services Tax

Revenues, expenses and assets are recognised net of applicable amounts of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the ATO. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75%. In these circumstances the non-recoverable GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with applicable amounts of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an other asset or liability in the Balance Sheet. Recoveries from the ATO relating to GST payable on La Trobe Financial invoices are subject to full reclaim by La Trobe Financial from the Fund, pursuant to Constitution rights to expense recovery including taxes.

Cash Flows are included in the Cash Flow Statement on a gross basis.

Note 4 – Impact of new accounting standards

(a) New and amended standards adopted by the Fund

AASB 2021-2 Amendments to AASB 7, AASB 101, AASB 134 *Interim Financial Reporting* and AASB Practice Statement 2 *Making Materiality Judgements – Disclosure of Accounting Policies* (Effective for annual reporting periods beginning on or after 1 January 2023)

The amendments to AASB 101 Presentation of Financial Statements require disclosure of "material" accounting policy information, instead of "significant" accounting policies. Information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of General Purpose Financial Statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Responsible Entity has reviewed each of the accounting policies disclosed in Note 3 and considers each to be material in the context of AASB 2021-2.

Other than AASB 2021-2, there are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(b) New standards, amendments and interpretations effective after 1 July 2024

IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual reporting periods beginning on or after 1 January 2027).

IFRS 18 introduces several new requirements that will impact the presentation and disclosure of the Fund. These include:

- the requirement to classify all income and expense into three defined categories - operating, investing and financing - to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit. The improved structure and new subtotals will give investors a consistent starting point for analysing performance and make it easier to compare entities.
- enhanced guidance on the aggregation, location and labelling of items across the primary financial statements and the notes.
- mandatory disclosures about management-defined performance measures.

IFRS 18 has not been early adopted in preparing these financial statements, and is not expected to have a material impact on the Fund with respect to future reporting periods and on foreseeable future transactions.

Note 5 – 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 resulting accounting estimates will, by definition, seldom equal the related actual events. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Effective interest rates adjustments

As identified in Accounting Policy 3 of Note 3 (Income and expenses on mortgages), certain fee income is recognised over the estimated effective life span of mortgage investments. For the investment accounts, these are determined based on the nature of mortgage investments, as being 30% (30 June 2023: 26%) of mortgage investments have been allocated an effective life span of 10 months (30 June 2023: 10 months) while 70% (30 June 2023: 74%) of mortgage investments have been allocated an effective life span of 3.1 years (30 June 2023: 3.9 years).

Provisioning – mortgage investments

In applying Accounting Policy 1.4 of Note 3 (Provisioning – Mortgage Investments), La Trobe Financial uses a model to determine the provision requirements for mortgages investments. The model, which was independently developed, is based on multiple scenarios at the time of assessment, uses mortgage investment characteristics (such as arrears ageing and borrower credit history), and current and future economic variables (such as official cash rates, unemployment rates, lending indicators and property prices) to determine a collective provision for investments that are not specifically impaired. The financial model methodology involves estimating the likelihood that shortfalls will occur (including “probability of default” and “exposure at default” as defined by the AASB) and the projected amount of the shortfalls (“loss given default” as defined by the AASB). Each scenario is the probability weighted in terms of likelihood of outcome as determined by La Trobe Financial.

The AASB terms represent the following:

- Probability of default - the likelihood that the underlying borrower will default resulting in recovery action taken by La Trobe Financial in relation to the mortgage investment, such as issuing default notices, taking possession and realising the security, over a given time horizon.
- Exposure at default - an estimate of the future mortgage investment balance at a future default date, taking into account expected changes in the current investment balance, such as redraws, interest charges and further advances after balance date.
- Loss given default - an estimate of the shortfall arising where a default occurs at a given time. It is based on the difference between the mortgage investment balance and the estimate of the net foreclosure proceeds.

(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). As required by AASB 9, 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.

Note 6 – Interest revenue

	2024 \$'000	2023 \$'000
Cash	12,734	9,699
Notes and other investments	34,520	20,565
Mortgage investments	794,892	617,028
Total interest revenue	842,146	647,292

Note 7 – Interest distribution

	2024 \$'000	2023 \$'000
Classic Notice Account	48,916	28,207
90 Day Notice Account	15,261	12,381
6 Month Notice Account	7,294	3,750
12 Month Term Account	505,339	375,312
2 Year Account	5,844	3,975
4 Year Account	37,165	21,037
Select Investment Account	24,493	23,314
Total interest distribution	644,312	467,976

Note 8 – Investments

	Note	2024 \$'000	2023 \$'000
Cash		491,409	282,077
Notes and other investments – at amortised cost	8(a)	497,167	283,305
Mortgage investments – at amortised cost	8(b)	9,954,517	8,788,618
Less: provision for mortgage impairment	8(c)	(27,790)	(19,871)
Mortgage investments – balance as presented in the balance sheet		9,926,727	8,768,747
Total investments		10,915,303	9,334,129

a) Notes and other investments

Notes and other investments comprise outstanding principal and effective interest rate adjustments (including any accrued interest) as follows:

	2024 \$'000	2023 \$'000
Outstanding principal recognised	495,071	282,059
Effective interest rate adjustments	2,096	1,246
Note investments – at amortised cost	497,167	283,305

ECL has been assessed as immaterial and therefore not recognised in the financial statements of the Fund at 30 June 2024 (2023: nil).

On 30 November 2023, the Fund, via the 4 Year Account advanced a loan to a newly incorporated entity in the AMC AusCo1 Pty Ltd consolidated group, La Trobe Financial Asset Investments Pty Ltd (LFAI), to enable LFAI to invest into the La Trobe US Private Credit Fund (USPC). This loan is secured by LFAI's investment into the USPC, interest bearing at an arm's length floating interest rate of one month BBSW plus, at 30 June 2024, a margin of 450 basis points. The margin is reviewed and reset quarterly. The principal balance outstanding at 30 June 2024 was \$116,179,727.

(b) Mortgage investments

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

	2024 \$'000	2023 \$'000
Outstanding principal recognised	9,940,420	8,772,667
Effective interest rate adjustments	14,097	15,951
Mortgage investments – at amortised cost	9,954,517	8,788,618

The single largest mortgage investment by the Fund as at 30 June 2024 was \$25,000,000 (2023: \$25,000,000).

(c) Provision for mortgage impairments

	2024 \$'000	2023 \$'000
Opening balance	19,871	8,277
Mortgage investments written off	(571)	(1,475)
New and increased provisions (net of releases)	8,490	13,069
Closing balance	27,790	19,871

The provision is allocated between investment accounts as follows:

	2024 \$'000	2023 \$'000
Classic Notice Account	4,936	4,482
90 Day Notice Account	2,309	1,274
6 Month Notice Account	230	117
12 Month Term Account	18,861	13,228
2 Year Account	221	71
4 Year Account	170	75
Select Investment Account	1,063	624
Total provision for mortgage impairments	27,790	19,871

2024	Performing \$'000	Early Arrears \$'000	Default \$'000	Specific Impaired \$'000	Total \$'000
Opening balance	3,104	4,296	9,997	2,474	19,871
Transferred to Performing	24	(24)	-	-	-
Transferred to Early Arrears	(1,838)	1,838	-	-	-
Transferred to Default	(2,843)	(4,121)	6,964	-	-
Transferred to Specific impaired	(1)	(7)	(1)	9	-
New and increased provisions (net of releases)	5,091	1,810	(3,327)	4,916	8,490
Mortgage investments written off	-	-	-	(571)	(571)
Closing balance	3,537	3,792	13,633	6,828	27,790

2023	Performing \$'000	Early Arrears \$'000	Default \$'000	Specific Impaired \$'000	Total \$'000
Opening balance	1,232	866	3,268	2,911	8,277
Transferred to Performing	21	(20)	(1)	-	-
Transferred to Early Arrears	(1,882)	1,882	-	-	-
Transferred to Default	(2,687)	(1,598)	4,285	-	-
Transferred to Specific impaired	(582)	-	(1,311)	1,893	-
New and increased provisions (net of releases)	7,002	3,166	3,756	(855)	13,069
Mortgage investments written off	-	-	-	(1,475)	(1,475)
Closing balance	3,104	4,296	9,997	2,474	19,871

Impairment of a mortgage investment occurs in accordance with the Fund's Mortgage Investment Impairment Policy as outlined in Accounting Policy 1.4 of Note 3.

In determining the economic overlay provision, three scenarios were considered:

- most probable 60% weighting (2023: 60%) – the scenario reflects La Trobe Financial's best estimate of the most likely economic conditions and future outcomes;
- less favourable 20% weighting (2023: 20%) – the scenario where economic conditions deteriorate, resulting in increased shortfalls; and
- more favourable 20% weighting (2023: 20%) – the scenario where economic conditions are more benign, thereby leading to reduced shortfalls.

The net increase in the total provisions for mortgage impairments during the year is reflective of La Trobe Financial's prudent approach to mitigate against any increase in credit risk as a result of current and potential future volatility within the economy, including any interest rate and property valuation movements.

(d) Bad and doubtful debts charge/(release)

	2024 \$'000	2023 \$'000
Recoveries on amounts previously written off	(191)	(624)
(Release) from the Select Investment Account	(810)	(169)
Charge/(release) to the provision	8,490	13,069
Total bad and doubtful debts	7,489	12,276

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 investment, 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

From time to time, the Investment Manager and investors may temporarily fund costs associated with a mortgage (including possession costs and legal action costs). This is referred to as expenses working capital. The amounts due are generally not paid until the conclusion of legal action or disposal of the mortgage security.

Bad and doubtful debts on mortgage investments at amortised cost is allocated between pooled investment accounts as follows:

	2024 \$'000	2023 \$'000
Classic Notice Account	457	3,217
90 Day Notice Account	975	480
6 Month Notice Account	112	99
12 Month Term Account	5,700	8,352
2 Year Account	151	58
4 Year Account	94	70
Select Investment Account	-	-
Total bad and doubtful debts	7,489	12,276

Note 9 – Accounts payable

	2024 \$'000	2023 \$'000
Fee payable to the Responsible Entity	38,651	29,907
Referral fees to be paid to third parties	5,556	5,751
Total investment management fee payable	44,207	35,658
Application fees	10,307	8,344
Borrower and other fees	39,337	35,037
Expenses and interest payment cover – Investment Manager	5,206	2,780
Sundry creditors	7	18
Total accounts payable	99,064	81,837

Note 10 – Investors' funds

The Responsible Entity manages investors' funds as working capital, notwithstanding investors' funds are classified as a liability under AASB 132.

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:

	2024 \$'000	2023 \$'000
Classic Notice Account	1,064,068	777,455
90 Day Notice Account	299,335	290,753
6 Month Notice Account	135,641	111,565
12 Month Term Account	8,298,639	7,278,454
2 Year Account	94,065	81,247
4 Year Account	536,960	360,515
Select Investment Account	292,234	281,454
Total investors' funds	10,720,942	9,181,443

Note 11 – Financial risk management

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

The Fund's overall risk management focuses on ensuring compliance with the Fund's governing documents namely the Constitution and the AFSL Compliance Plan.

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

(a) Credit risk

Credit risk refers to the risk that a counterparty may default in its contractual obligations resulting in financial loss.

Credit risk of the Fund is managed primarily by:

- The Constitution of the Fund which sets criteria as to what is an Authorised Investment for the Fund including risk management practices of the Investment Manager in the assessment of the borrower's financial capacity to repay, and obtaining an independent credit check on the borrower's previous repayment record;
- La Trobe Financial having a documented investment strategy and strict investment guidelines which include a maximum Loan to Valuation Ratio (LVR) and obtaining independent sworn valuations (or municipal rates notice valuations or using an automated valuation model) for each property offered as security;
- Proactive management of Fund Authorised Investments, to minimise loss of income and principal; and
- Investment pool profiling:
 - Specific Authorised Investments are made to develop and maintain an appropriately diversified set of interest bearing deposits and fixed and variable rate real property mortgage investments. These are based on criteria (such as LVRs) established for each investment account, so as to diversify the credit risk of the assets into which investor funds are placed, considering the purpose and nature of the relevant account. LVR is measured as the total current borrower balance against the most recently received independent valuation.
 - The Investment Manager approves the Authorised Investments for the investment accounts in accordance with the Constitution. The credit risk associated with the underlying cash, mortgages, notes and other investments approved by the Investment Manager is carried by the investors.
 - Investors in the Classic Notice Account, 90 Day Notice Account, 6 Month Notice Account, 12 Month Term Account, 2 Year Account and 4 Year Account also benefit from Investor Reserves, maintained by La Trobe Financial for the sole benefit of investors in order to offset credit risk to investor invested principal and manage income risk.
- Cash allocations of the Fund are placed exclusively with Australian banks regulated by APRA with \$491,409,000 (2023: \$282,077,000) being held with banks with an AA- or above credit rating.

The carrying amount of financial assets recorded in the financial statements net of any provisions for impairments represents the Fund's maximum exposure to credit risk without considering the value of any collateral in relation to those assets.

(b) Market risk

(i) Price risk

Price risk refers to the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. The Fund's ordinary, performing investment receivables are not exposed to price risk. Exposure to price risk is indirect and limited to circumstances of default. Where the mortgage security is enforced and realised as a means to recover the investment receivable, there is a risk that movement in the underlying security value may expose the Fund to a recovery shortfall.

This risk is managed by the use, as noted above, of independent sworn valuations both upon the initial approval of the loan and in relation to progressive draw downs and in limiting the approved loans relative to the security valuation. Where a loss on realisation of investment is incurred, shortfalls are borne by Fund investors as ordinary investment risk.

(ii) **Interest rate risk**

This risk refers to the risk that the future cash flow of a financial instrument may fluctuate because of changes in market interest rates. The Fund's mortgage investments are exposed to this risk where they are variable rate investments. However, there is no net expense to the Fund as interest paid is adjusted for changes in mortgage investment earnings.

The split in mortgage investments recognised by the Fund between variable and fixed rates is as follows:

	2024			2023		
	Weighted average effective interest rate	Amount \$'000	Proportion %	Weighted average effective interest rate	Amount \$'000	Proportion %
Variable	8.85%	7,925,506	79.6%	8.81%	7,574,917	86.2%
Fixed	9.68%	2,029,011	20.4%	8.56%	1,213,701	13.8%
Total	9.02%	9,954,517	100.0%	8.78%	8,788,618	100.0%

The Fund's notes and other investments are also exposed to interest rate risk as interest on notes and other investments is dependent upon the 1-month Bank Bill Swap Rate (BBSW) that reprices on the relevant interest period. However, there is no net expense to the Fund as interest paid and/or investment management fees are adjusted for changes in investment earnings.

The following table summarises the sensitivity of the Fund's financial assets and financial liabilities that are exposed to interest rate risk. The typical interval used by both the Reserve Bank of Australia and the Responsible Entity in adjusting interest rates is 100 basis points. Sensitivity has been based on 100 basis points, noting that the official cash rate set by the Reserve Bank of Australia at balance date was 4.35%. This scenario assumes a corresponding investor declared crediting rate change.

30 June 2024	Carrying amount \$'000	Interest rate risk			
		-100 bps		+100 bps	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash	491,409	(4,914)	-	4,914	-
Notes and other investments	497,167	(4,972)	-	4,972	-
Mortgage investments	9,926,727	(99,267)	-	99,267	-
Financial liabilities					
Investor funds	10,720,942	109,153	-	(109,153)	-
Total increase/(decrease)		-	-	-	-

30 June 2023	Carrying amount \$'000	Interest rate risk			
		-100 bps		+100 bps	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash	282,077	(2,820)	-	2,820	-
Notes and other investments	283,305	(2,834)	-	2,834	-
Mortgage investments	8,788,618	(87,686)	-	87,686	-
Financial liabilities					
Investor funds	9,181,443	93,340	-	(93,340)	-
Total increase/(decrease)		-	-	-	-

(c) Liquidity risk

Liquidity risk is the risk that the Fund may experience difficulty in either realising assets on a timely basis or otherwise raising sufficient funds, in order to satisfy commitments associated with the discharges and/or redemption of investors earlier than the maturity profile of the respective underlying investment assets.

Given that the predominate underlying assets of the Fund are real property mortgage investments which are relatively illiquid, risk management guidelines adopted by La Trobe Financial are designed to minimise liquidity and cash flow risk. Proactive management of mortgage investments is undertaken to manage liquidity risk including, applying limits to ensure there is not excessive concentration of liquidity risk to a particular counterparty, maturity or, geographic market and minimising loan repayment delinquencies. This includes portfolio balancing through the acquisition and disposal of mortgage investments from and to the Investment Manager and its related entities for the balance of the outstanding principal – refer to Note 12 (c) (portfolio management) for further information.

Note 12 – Related parties

(a) Investment Manager

The contracted Investment Manager for the Fund is La Trobe Financial Services Pty Limited, which is a wholly owned subsidiary of La Trobe Financial Pty Limited.

Investment Manager remuneration

As disclosed in the Fund's PDS, the Investment Manager does not receive any remuneration directly from the Fund. The Investment Manager is paid an investment manager service fee by La Trobe Financial out of the remuneration the Responsible Entity receives from the Fund.

Other transactions with the Investment Manager

	2024 \$	2023 \$
Expenses and interest payment cover due to the Investment Manager (these monies have been advanced from the Investment Manager)	5,205,725	2,779,924
Insurance premiums for on payment to insurer	7,902	17,516

(b) Responsible Entity

The Responsible Entity of the Fund appointed in accordance with the *Corporations Act 2001* is La Trobe Financial Asset Management Limited, a wholly owned subsidiary of La Trobe Financial Pty Limited. The relationship between the Responsible Entity and the Fund is established by the Fund's Constitution and the *Corporations Act 2001*. Director details are disclosed in Note 14.

Responsible Entity remuneration

The entitlements of La Trobe Financial to remuneration are set out in the Constitution of the Fund. In accordance with Accounting Policies 1 and 3 (refer Note 3), a portion of the remuneration paid to La Trobe Financial has been incorporated in the amortised cost of investments and are therefore reported as part of the effective interest rate disclosed in the Income Statement and Balance Sheet. Accordingly, the disclosures in this Note differ from the Income Statement and Balance Sheet.

	2024 \$	2023 \$
Investment management fee		
– retained by La Trobe Financial	172,187,292	147,083,102
– paid to La Trobe Financial for on-payment to third parties (trail advisory)	45,643,534	40,076,617
	217,830,826	187,159,719
Application fees		
– retained by La Trobe Financial	54,609,819	41,930,005
– paid to La Trobe Financial for on-payment to third parties (upfront advisory)	44,087,552	35,057,065
	98,697,371	76,987,070
Loan management fees (including borrower fees)	27,300,215	26,127,339
Total remuneration recognised	343,828,412	290,274,128
<i>Of this the total amount payable at balance date is:</i>	<i>44,206,972</i>	<i>35,658,198</i>
Other transactions with the Responsible Entity		
Withholding tax payable to ATO	51,355	37,877

(c) Other transactions

Investments by the Fund

The Fund has the following investments under the name of the Investment Manager, La Trobe Financial or related entities during the year:

- note investments in the 6 Month Notice and 4 Year Accounts which are all in securitisation warehouses and residential mortgage backed securities (RMBS) where the Investment Manager is the Servicer and Originator.
- an arm's length related party loan to La Trobe Financial Asset Investments Pty Limited (LFAI) as disclosed in Note 8(a). The principal balance outstanding at 30 June 2024 was \$116,179,727. Interest earned by 4 Year from LFAI, was \$5,248,165 for the 7 months between the execution date of the loan agreement on 30 November 2023 and 30 June 2024. All interest earned was on arm's length terms.
- an arm's length related party loan to La Trobe Financial Securitisation Services Second Pty Limited (LSSS), with an amount outstanding of \$43,372,160. The loan proceeds are used to subscribe for Residential Mortgage Backed Securities (RMBS) notes. Interest earned by the Fund (via the 4 Year and 6 Month Accounts) was \$1,100,770 for the year ended 30 June 2024.
- an arm's length related party loan to La Trobe Capital Holdings Pty Limited (LCH), with an amount outstanding of \$25,070,000. The loan proceeds are used to subscribe for Mezzanine Notes issued by related Institutional Warehouse facilities. Interest earned by the Fund (via the 4 Year and 6 Month Accounts) was \$340,702 for the year ended 30 June 2024.

Under the terms of the loan agreements with LSSS and LCH respectively, the interest charge mirrors the underlying RMBS notes plus a margin.

Both LSSS and LCH are wholly owned subsidiaries of La Trobe Financial Pty Limited.

The Investment Manager or its affiliates or officers have no borrowings from the Fund. No staff of the Investment Manager are able to borrow from the Fund.

Investments in the Fund by commonly controlled entities

At 30 June 2024, the Responsible Entity did not hold any investments in the Fund (2023: nil). Commonly controlled entities held the following investments in the Fund:

	2024 \$	2023 \$
Opening balance	111,806	179,414
Applications	-	-
Redemptions	(33,333)	(67,608)
Closing balance	78,473	111,806

All investment transactions in the Fund have been conducted on normal commercial terms and conditions as outlined in the Fund's PDS.

From time to time, Directors of La Trobe Financial and staff of the Investment Manager may invest or subsequently redeem investments made in the Fund. These transactions are managed in accordance with an investment policy applicable to all staff conducting personal investments in the Fund. The Investment Manager maintains a register of all staff related investments at all times. All transactions are strictly conducted on the same commercial terms and conditions as those entered into by other non-related Fund investors.

Details of amounts invested in the Fund by Directors and Key Executives and their related entities are disclosed in Note 14.

Portfolio management

From time to time as part of the ordinary portfolio balancing and liquidity management of the Fund, La Trobe Financial may transact with the Investment Manager and its related entities to acquire from or sell to the Fund, mortgage or notes investments. Such mortgage or note investments are acquired or sold at their outstanding principal and the Investment Manager receives no additional fee for this service. The Investment Manager and its related entities are not obliged to acquire or sell these mortgages or note investments.

For the year ended 30 June 2024, the Fund acquired such mortgage investments totalling \$911,539,000 (2023: \$820,520,000) and sold mortgage investments totalling \$3,064,966,000 (2023: \$1,668,335,000).

For the year ended 30 June 2024, the Fund acquired note investments totalling \$435,777,000 (2023: \$367,713,000) and redeemed note investments totalling \$338,124,000 (2023: \$329,786,000).

Note 13 – Auditor remuneration

	2024 \$	2023 \$
Ernst & Young		
(i) Financial report audit services:		
– Review of the half year financial report of the Fund	13,250	12,500
– Audit of the annual financial report of the Fund	39,750	37,500
	53,000	50,000
(ii) Other services		
– Compliance plan audit	15,900	15,000
Total fees paid/payable to auditor of the Fund by the Responsible Entity	68,900	65,000

Note 14 – Directors and Key Executives

Key Executives (Directors) with authority for strategic direction and management

The following persons were the Executives with authority for planning, directing and controlling the activities of La Trobe Financial as Responsible Entity for the Fund for the full financial year:

- Mr C Andrews, President and Chief Executive Officer
- Mr M Barry, Senior Vice President and Chief Financial Officer
- Mr R Donohoue, Senior Vice President and Chief Operations and Risk Officer
- Mr C Paton, Senior Vice President and Chief Investment Officer

Pursuant to AASB 124 *Related Parties*, Independent Compliance Committee Members are not considered key management personnel and their remuneration and interests in the Fund are not required to be disclosed.

Remuneration

Directors of the Responsible Entity are paid by the Investment Manager. Payments made from the Fund to La Trobe Financial do not include any amounts attributable to the compensation of the directors.

Director interests in the Fund

Directors and their related entities held the following interests in the Fund (excluding commonly controlled entities):

30 June 2024	Opening balance \$	Applications \$	Redemptions \$	Closing balance \$
Mr C Andrews	706,945	1,236,478	(410,947)	1,532,476
Mr M Barry	-	-	-	-
Mr R Donohoue	1,050,000	850,533	(500,533)	1,400,000
Mr C Paton	10	4,722,112	(300,000)	4,422,122

30 June 2023	Opening balance \$	Applications \$	Redemptions \$	Closing balance \$
Mr C Andrews	2,706,447	153,228	(2,152,730)	706,945
Mr M Barry	4,609,536	271,566	(4,881,102)	-
Mr R Donohoue	500,000	551,467	(1,467)	1,050,000
Mr C Paton	-	353,374	(353,364)	10

Other interests

None of the Directors of the Responsible Entity have an interest directly or indirectly in the promotion of any individual mortgage property or properties proposed or actually mortgaged by the Fund. Directors are prohibited from borrowing from the Fund.

Note 15 – Reconciliation of net cash provided by operating activities

Reconciliation of net profit to net cash inflow from operating activities

	2024 \$'000	2023 \$'000
Profit for the year	-	-
Interest distribution	644,312	467,976
Profit before interest distribution	644,312	467,976
Net increase / (decrease) in investor funds	920,314	1,206,328
Net (increase) / decrease in mortgage investments	(1,379,690)	(1,555,259)
Net (increase) / decrease in note investments	18,497	(38,306)
(Decrease)/increase in accounts payable	11,504	3,233
Decrease/(increase) in accounts receivable	(2,444)	(2,522)
Amortised cost movement on mortgage investments	(3,161)	(3,614)
Net cash inflow from operating activities	209,332	77,836

Note 16 – Commitments and contingencies

La Trobe Financial Asset Management Limited in its capacity as Responsibility Entity of the Fund has commenced voluntary engagement with the Australian Taxation Office (ATO) in relation to a potential historical taxation matter. As at the date of this report, the timing and outcome of this matter cannot be determined with any certainty, therefore no allowance or reference to potential outcomes have been made in the financial statements of the Fund.

The Fund does not have any other material commitments or contingent liabilities that require disclosure as at 30 June 2024.

Note 17 – Events subsequent to reporting date

No matter or circumstance has arisen since 30 June 2024 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.

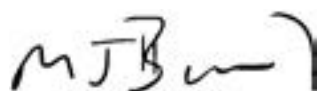
Directors' Declaration

In the opinion of the Directors' of the Responsible Entity:

- (a) the financial statements and notes set out on pages 17 to 36 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the La Trobe Australian Credit Fund's financial position as at 30 June 2024 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund 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 Standards as issued by the International Accounting Standards Board.

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



Martin Barry

Chief Financial Officer & Director
La Trobe Financial Asset Management Limited
Fund Responsible Entity

Melbourne
17 September 2024

Independent Audit Report to the Members



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

Opinion

We have audited the financial report of La Trobe Australian Credit Fund (the Fund), which comprises the balance sheet as at 30 June 2024, the income statement, statement of equity adjustments, statement of changes in equity and cash flow statement for the year then ended, notes to the financial statements, including material accounting policy information, and the declaration of the directors of La Trobe Financial Asset Management Ltd (the directors), the Responsible Entity of the Fund.

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

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Audit Report to the Members



Responsibilities of the directors for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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Independent Audit Report to the Members



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

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to read 'John MacDonald', written in a cursive style.

John MacDonald
Partner
Melbourne
17 September 2024

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