

CCI Asset Management Catholic Values Unit Trust

ABN 67 716 279 065

Annual financial statements for the reporting period ended 30 June 2022

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These financial statements cover CCI Asset Management Catholic Values Unit Trust as an individual entity.

The Responsible Entity of CCI Asset Management Catholic Values Unit Trust is CCI Asset Management Limited (ABN 65 006 685 856). The Responsible Entity's registered office is Level 8, 485 La Trobe Street, Melbourne, VIC 3000.

Directors' report

The directors of CCI Asset Management Limited, the Responsible Entity of CCI Asset Management Catholic Values Unit Trust, present their report together with the financial statements of CCI Asset Management Catholic Values Unit Trust ("the Scheme") for the year ended 30 June 2022 ("the reporting period").

Responsible Entity

The Responsible Entity of the Scheme is CCI Asset Management Limited (ABN 65 006 685 856). The Responsible Entity's registered office is Level 8, 485 La Trobe Street, Melbourne, VIC 3000.

Principal activities

The overall investment strategy of the Scheme is balanced between Australian shares, listed property and unit trusts, managed investment schemes, Australian fixed interest and cash to provide both capital growth and income returns.

The Scheme did not have any employees during the reporting period.

There were no significant changes in the nature of the Scheme's activities during the reporting period.

Directors

The following persons held office as directors of CCI Asset Management Limited during the reporting period or since the end of the reporting period and up to the date of this report:

Richard Haddock (Chairman)
Gregory Cooper
Reverend Dr Philip Marshall
Noel Condon

Review and results of operations

There have been no significant changes to the operations of the Scheme during the reporting period. The Scheme continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The directors continue to assess the potential financial and other impacts to the Scheme of the coronavirus (COVID-19) pandemic. The current high level of uncertainty regarding the severity and length of the pandemic and the depth and duration of the associated effects on economic and business activity and on investment markets, has impacted investment outcomes and increased volatility in investment performance during the reporting period.

Global geo-political factors have had an increased impact on the performance of the Scheme during the reporting period and these impacts are ongoing. The Trustee will continue to closely monitor the development of these factors and evaluate their impacts to the Scheme.

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

	For the reporting period ended	
	30 June	30 June
	2022	2021
(Loss)/profit before finance costs attributable to unitholders (\$'000)	<u>(8,387)</u>	<u>24,877</u>
Distributions paid and payable (\$'000)	<u>11,938</u>	<u>3,920</u>
Distributions (cents per unit - CPU)	<u>8.25</u>	<u>2.93</u>

Directors' report (continued)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the reporting period.

Likely developments and expected results of operations

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

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of CCI Asset Management Limited or the auditors of the Scheme. So long as the officers of CCI Asset Management Limited act in accordance with the Scheme's Constitution and the Law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

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

Fees paid to the Responsible Entity and its associates out of Scheme property during the reporting period are disclosed in note 15 of the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the reporting period.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the reporting period are disclosed in note 15 of the financial statements.

Interests in the Scheme

The movement in units on issue in the Scheme during the reporting period are disclosed in note 8 of the financial statements.

The value of the Scheme's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 of the financial statements.

Environmental regulation

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

Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- (i) the operations of the Scheme in future reporting periods, or
- (ii) the results of those operations in future reporting periods, or
- (iii) the state of affairs of the Scheme in future reporting periods.


Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

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

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

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[Noel Condon \(Sep 26, 2022 11:28 GMT+10\)](#)

Noel Condon

Director

21 September 2022

Statement of comprehensive income

	Notes	For the reporting period ended	
		30 June 2022 \$'000	30 June 2021 \$'000
Investment income			
Interest income	3	1,187	852
Dividend income		5,819	1,660
Trust distribution income	4	1,533	766
Net (losses)/gains on financial instruments at fair value through profit or loss	5	(18,107)	22,030
Other income	6	<u>2,431</u>	<u>622</u>
Total investment (loss)/income		<u>(7,137)</u>	<u>25,930</u>
Expenses			
Management fees	15	1,242	1,045
Transaction costs		<u>8</u>	<u>8</u>
Total expenses		<u>1,250</u>	<u>1,053</u>
(Loss)/profit before finance costs attributable to unitholders		<u>(8,387)</u>	<u>24,877</u>
Finance costs attributable to unitholders			
Distributions to unitholders	9	11,938	3,920
(Decrease)/increase in net assets attributable to unitholders	8	<u>(20,325)</u>	<u>20,957</u>
Profit/(loss) for the reporting period attributable to unitholders		<u>-</u>	<u>-</u>
Other comprehensive income for the reporting period attributable to unitholders		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the reporting period attributable to unitholders		<u>-</u>	<u>-</u>

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

Statement of financial position

		As at	
		30 June	30 June
		2022	2021
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents	10	27,076	29,359
Receivables	12	3,324	2,855
Financial assets at fair value through profit or loss	11	<u>145,749</u>	<u>147,199</u>
Total assets		<u>176,149</u>	<u>179,413</u>
Liabilities			
Distributions payable	9	9,300	3,027
Payables	13	<u>618</u>	<u>539</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>9,918</u>	<u>3,566</u>
Net assets attributable to unitholders - liability	8	<u>166,231</u>	<u>175,847</u>

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

Statement of changes in equity

	For the reporting period ended	
	30 June	30 June
	2022	2021
	\$'000	\$'000
Total equity at the beginning of the reporting period	-	-
Profit/(loss) for the reporting period attributable to unitholders	-	-
Other comprehensive income for the reporting period attributable to unitholders	-	-
Total comprehensive income for the reporting period attributable to unitholders	<u>-</u>	<u>-</u>
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>
Total equity at the end of the reporting period	<u>-</u>	<u>-</u>

In accordance with AASB 132 *Financial Instruments: Presentation*, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the reporting period.

Changes in net assets attributable to unitholders are disclosed in note 8.

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

Statement of cash flows

	Notes	For the reporting period ended	
		30 June 2022 \$'000	30 June 2021 \$'000
<i>Cash flows from operating activities</i>			
Proceeds from sale of financial instruments at fair value through profit or loss		24,491	12,403
Purchase of financial instruments at fair value through profit or loss		(40,105)	(22,439)
Interest received		1,098	843
Dividends received		5,793	1,553
Trust distributions received		524	294
Other income received		635	710
Payment of other expenses		(1,163)	(949)
Transaction costs on financial instruments at fair value through profit or loss		(8)	(9)
Net cash (outflow) from operating activities	16(a)	<u>(8,735)</u>	<u>(7,594)</u>
<i>Cash flows from financing activities</i>			
Proceeds from applications by unitholders		24,774	25,229
Payments for redemptions by unitholders		(16,308)	(14,759)
Distributions paid		(2,014)	(1,703)
Net cash inflow from financing activities		<u>6,452</u>	<u>8,767</u>
Net (decrease)/increase in cash and cash equivalents		(2,283)	1,173
Cash and cash equivalents at the beginning of the reporting period		<u>29,359</u>	<u>28,186</u>
Cash and cash equivalents at the end of the reporting period	10,16(b)	<u>27,076</u>	<u>29,359</u>

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

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1 General information

These financial statements cover CCI Asset Management Catholic Values Unit Trust ("the Scheme") as an individual entity. The Scheme was constituted on 1 February 2002. The Scheme invests in equities, listed and unlisted unit trusts, property securities and money market securities in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is CCI Asset Management Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 8, 485 La Trobe Street, Melbourne, VIC 3000.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The financial statements are for the period from 1 July 2021 to 30 June 2022 ("the reporting period").

The directors of the Responsible Entity have the power to amend and reissue the financial statements. The financial statements were authorised for issue by the directors on 21 September 2022.

The entity is also registered as a charity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Scheme's Constitution.

The Scheme is a not-for-profit entity for the purposes of preparing the financial statements.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders where the amount expected to be recovered or settled within twelve months after the end of the reporting period cannot be reliably determined.

Compliance with Australian Accounting Standards and International Financial Reporting Standards

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

New/Amended standards and Interpretations adopted by the Scheme

AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform Phase 2* (Amendments to AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139)

The Scheme has adopted AASB 2020-8 released by the AASB in September 2020 and applicable for annual reporting periods beginning on or after 1 January 2021. AASB 2020-8 amends AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments*, modifying some specific requirements around hedge accounting and requiring affected entities to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition.

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

Classification and measurement of debt securities is driven by the Scheme's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

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

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

Assets

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

For equity securities and derivatives such as futures and foreign currency contracts, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

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

The Scheme holds equity securities, unit trusts, property trusts, and debt securities which had previously been designated at fair value through profit or loss. In accordance with AASB 9 these securities are mandatorily classified as fair value through profit or loss.

For other receivables and payables, including amounts due to/from brokers, these balances are classified at amortised cost as they are deemed to be held in a business model with the objective to collect contractual cash flows through to maturity, and whose terms meet the SPPI criterion by virtue of the fact that payments pertain to only principal and/or simple interest and have a maturity of less than 12 months.

(ii) Impairment

AASB 9 requires the Scheme to record an allowance for ECLs for all financial assets not held at fair value through profit or loss.

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Impairment (continued)

For receivables, due from brokers and applications receivable, the Scheme expects to receive the cash flows due in accordance with the contract.

The Scheme considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Scheme may also consider a financial asset to be in default when internal or external information indicates that the Scheme is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Scheme.

(iii) Recognition/derecognition

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

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

(iv) Measurement

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at mid prices which are within the bid/ask spread.

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

The Scheme's financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed derivatives.

Fair value in an inactive or unquoted market

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

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

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

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Measurement (continued)

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

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

Loans and receivables/payables

Loans and receivables/payables are measured initially at fair value plus transaction costs. Subsequently, loans are carried at amortised cost using the effective interest method, less impairment losses, if any. Short-term receivables/payables are carried at their initial fair values.

Loan assets are reviewed at the end of the reporting period to determine whether there is objective evidence of impairment. If any such indication of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on the asset decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

(v) Offsetting financial instruments

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

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities due to mandatory distributions. The units can be put back to the Scheme at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to put the units back to the Scheme. Because the Scheme's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference may exist and would be treated as a separate component of net assets attributable to unitholders.

(d) Cash and cash equivalents

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

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

(e) Investment income

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

Dividend income is recognised on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

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

2 Summary of significant accounting policies (continued)

(f) Other income

Other income includes Franking Credits. The franking credits are recognised on an accrual basis.

(g) Expenses

All expenses, including management fees and reimbursable expenses, are recognised in the statement of comprehensive income on an accrual basis.

(h) Income tax

Under current tax legislation, the Scheme is not subject to income tax as it is an exempt entity.

(i) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

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

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

(k) Receivables

Receivables may include amounts for interest, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(l) Payables

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

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

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

(m) Applications and redemptions

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

Unit redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue.

2 Summary of significant accounting policies (continued)

(n) Goods and Services Tax (GST)

Expenses of various services provided to the Scheme by third parties such as custodial services and investment management fees etc. are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expense or cost item.

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

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

(o) Use of judgements and estimates

The preparation of the Scheme's financial statements requires it to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

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

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accounts receivable the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

2 Summary of significant accounting policies (continued)

(p) New accounting standards, interpretations and other authoritative pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been applied in the financial statements. The directors' assessment of these new standards (to the extent relevant to the Scheme) and interpretations are set out below:

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 amends AASB Standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates. Specifically AASB 2021-2 amends:

- AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

This Standard applies to annual reporting periods beginning on or after 1 January 2023. These amendments are not expected to have a significant impact on the Scheme's financial statements.

There are no other new accounting standards and other authoritative pronouncements that are expected to have a material impact on the Scheme.

(q) Rounding of amounts

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

(r) Comparatives

Where relevant, prior year comparatives have been restated to conform with current year presentation.

3 Interest income

	For the reporting period ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Cash and deposits	84	104
Fixed interest securities	<u>1,103</u>	<u>748</u>
	<u>1,187</u>	<u>852</u>

4 Trust distribution income

	For the reporting period ended	
	30 June	30 June
	2022	2021
	\$'000	\$'000
Distributions from unlisted managed investment schemes	<u>1,533</u>	<u>766</u>
	<u>1,533</u>	<u>766</u>

5 Net (losses)/gains on financial instruments at fair value through profit or loss

	For the reporting period ended	
	30 June	30 June
	2022	2021
	\$'000	\$'000
Net unrealised (losses)/gains on financial instruments at fair value through profit or loss	(15,742)	21,135
Net realised (losses)/gains on financial instruments at fair value through profit or loss	<u>(2,365)</u>	<u>895</u>
Total net (losses)/gains on financial instruments at fair value through profit or loss	<u>(18,107)</u>	<u>22,030</u>

6 Other income

	For the reporting period ended	
	30 June	30 June
	2022	2021
	\$'000	\$'000
Franking credit income	2,373	574
Management fee rebate	<u>58</u>	<u>48</u>
	<u>2,431</u>	<u>622</u>

7 Auditor's remuneration

All fees payable by the Scheme are incorporated within the total management fee charged by the Responsible Entity. A breakdown of Auditor's remuneration for the year are as follows:

	For the reporting period ended	
	30 June	30 June
	2022	2021
	\$	\$
Fees relating to the audit of financial statements	9,373	9,043
Fee for review of distributions	<u>3,811</u>	<u>3,657</u>
Total	<u>13,184</u>	<u>12,700</u>

8 Net assets attributable to unitholders

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

Movements in number of units and net assets attributable to unitholders during the reporting period were as follows:

	For the reporting period ended			
	30 June 2022 No. '000	30 June 2021 No. '000	30 June 2022 \$'000	30 June 2021 \$'000
Opening balance	135,875	123,325	175,847	139,948
Applications	17,773	21,942	23,366	26,637
Redemptions	(12,541)	(12,059)	(16,308)	(14,759)
Units issued upon reinvestment of distributions	2,780	2,667	3,651	3,064
(Decrease)/increase in net assets attributable to unitholders	-	-	(20,325)	20,957
Closing balance at 30 June	143,887	135,875	166,231	175,847

Capital risk management

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

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

9 Distributions to unitholders

The distributions for the reporting period were as follows:

	For the reporting period ended			
	30 June 2022 \$'000	30 June 2022 CPU	30 June 2021 \$'000	30 June 2021 CPU
Distributions paid (31 December)	2,638	1.79	893	0.70
Distributions payable (30 June)	9,300	6.46	3,027	2.23
	11,938	8.25	3,920	2.93

10 Cash and cash equivalents

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Cash at bank	27,076	29,359
	27,076	29,359

11 Financial assets at fair value through profit or loss

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Financial assets at fair value through profit or loss		
Listed equities	53,022	57,479
Listed unit trusts	1,931	2,467
Listed property trusts	3,327	4,153
Unlisted managed investment schemes	45,060	49,793
Fixed interest bonds	30,519	23,726
Floating rate notes	11,890	9,581
Total financial assets at fair value through profit or loss	<u>145,749</u>	<u>147,199</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 14.

12 Receivables

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Accrued income	954	592
Due from brokers	-	281
Sundry debtors	2,370	574
Unsettled applications	-	1,408
	<u>3,324</u>	<u>2,855</u>

13 Payables

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Accrued expenses	<u>618</u>	<u>539</u>
	<u>618</u>	<u>539</u>

14 Financial risk management

(a) Objectives, strategies, policies and processes

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

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

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ratings analysis for credit risk and maturity analysis for liquidity risk.

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

(b) Market risk

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

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

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

As at 30 June 2022 and 30 June 2021, the overall market exposures were as follows:

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Financial assets at fair value through profit or loss	145,749	147,199
	145,749	147,199

(i) Price risk

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

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

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

14 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

The Scheme's overall market positions are monitored on a regular basis by the Scheme's Investment Manager. This information and the compliance with the Scheme's Product Disclosure Statement are reported on a regular basis, as deemed appropriate, to the relevant parties such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

The Investment Manager continues to consider the potential implications of coronavirus, which, due to political and economic instability, may include volatility in valuation of investments.

The risks related to equity investments have increased as a result of the intensified geo-political and trade policy risks compared to the previous reporting period. The Russia/Ukraine conflict has led to elevated volatility across many asset classes, including commodities. While the likelihood of direct impacts is considered remote, the Investment Manager continues to monitor the conflict closely for inflation and macro-economic changes and their impacts on the Scheme.

As at 30 June 2022 and 30 June 2021, if the equity prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

	As at 30 June 2022		As at 30 June 2021	
	Increased by 10%	Decreased by 10%	Increased by 10%	Decreased by 10%
	\$'000	\$'000	\$'000	\$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	10,334	(10,334)	11,389	(11,389)

The analysis is performed on the same basis for 2022 and 2021.

(ii) Foreign exchange risk

There was no significant direct foreign exchange risk in this Scheme as at 30 June 2022 (2021:Nil).

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Scheme has established limits on investments in interest-bearing assets, which are monitored on a daily basis. The interest rate risk is measured using sensitivity analysis.

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

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

A reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Scheme did not hold any securities that are exposed to LIBOR's as at 30 June 2022.

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The Investment Manager monitors and manages the Scheme's transition to alternative rates if required. The Investment Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

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

As at 30 June 2022	Fixed interest rate					Non-interest bearing	Total
	Floating interest rate	3 months or less	3 to 12 months	1 to 5 years	Over 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	114	26,962	-	-	-	-	27,076
Receivables	-	-	-	-	-	3,324	3,324
Financial assets at fair value through profit or loss							
Listed equities	-	-	-	-	-	53,022	53,022
Listed unit trusts	-	-	-	-	-	1,931	1,931
Listed property trusts	-	-	-	-	-	3,327	3,327
Unlisted managed investment schemes	-	-	-	-	-	45,060	45,060
Fixed interest bonds	-	-	-	22,861	7,658	-	30,519
Floating rate notes	11,890	-	-	-	-	-	11,890
Total assets	12,004	26,962	-	22,861	7,658	106,664	176,149
Liabilities							
Distributions payable	-	-	-	-	-	9,300	9,300
Payables	-	-	-	-	-	618	618
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	9,918	9,918
Net assets attributable to unitholders	12,004	26,962	-	22,861	7,658	96,746	166,231

14 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

As at 30 June 2021	Floating interest rate \$'000	3 months or less \$'000	Fixed interest rate			Non-interest bearing \$'000	Total \$'000
			3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Assets							
Cash and cash equivalents	112	29,247	-	-	-	-	29,359
Receivables	-	-	-	-	-	2,855	2,855
Financial assets at fair value through profit or loss							
Listed equities	-	-	-	-	-	57,479	57,479
Listed unit trusts	-	-	-	-	-	2,467	2,467
Listed property trusts	-	-	-	-	-	4,153	4,153
Unlisted managed investment schemes	-	-	-	-	-	49,793	49,793
Fixed interest bonds	-	-	-	12,774	10,952	-	23,726
Floating rate notes	9,581	-	-	-	-	-	9,581
Total assets	9,693	29,247	-	12,774	10,952	116,747	179,413
Liabilities							
Distributions payable	-	-	-	-	-	3,027	3,027
Payables	-	-	-	-	-	539	539
Total liabilities (excluding net assets attributable to unitholders)	-	-	-	-	-	3,566	3,566
Net assets attributable to unitholders	9,693	29,247	-	12,774	10,952	113,181	175,847

As at 30 June 2022 and 30 June 2021, should interest rates have (decreased)/increased by the basis points indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively:

	As at 30 June 2022		As at 30 June 2021	
	Increased by 100 basis points \$'000	Decreased by 100 basis points \$'000	Increased by 25 basis points \$'000	Decreased by 25 basis points \$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)				
	(1,147)	1,147	(262)	262

These changes are calculated on an undiscounted basis.

14 Financial risk management (continued)

(c) Credit risk

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

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

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

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

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

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

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

Credit quality per class of instrument

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

	AAA \$'000	AA+ to AA- \$'000	A+ to A- \$'000	Others \$'000	Total \$'000
As at 30 June 2022					
Fixed interest bonds	14,020	16,499	-	-	30,519
Floating rate notes	-	496	3,852	7,542	11,890
	AAA \$'000	AA+ to AA- \$'000	A+ to A- \$'000	Others \$'000	Total \$'000
As at 30 June 2021					
Fixed interest bonds	7,426	16,300	-	-	23,726
Floating rate notes	-	490	2,898	6,193	9,581

14 Financial risk management (continued)

(d) Concentrations of risk

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

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

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

Based on the concentrations of risk that are managed by industry sector and/or counterparty, the following investments can be analysed by the industry sector and/or counterparty as at 30 June 2022 and 30 June 2021:

As at 30 June 2022	%
Unlisted managed investment schemes - Equity wholesale	27.85
Financials	12.06
Materials	9.83
Commonwealth of Australia	7.18
Others	43.08
Total	<u>100.00</u>
As at 30 June 2021	%
Unlisted managed investment schemes - Equity wholesale	30.99
Financials	13.94
Materials	9.13
Commonwealth of Australia	4.38
Others	41.56
Total	<u>100.00</u>

(e) Liquidity risk

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

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

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

The Scheme may invest in investments in unlisted unit trusts that expose the Scheme to the risk that the Scheme or Investment Manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Scheme.

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

The high volatility in the financial market during the Covid pandemic had no impact on the liquidity and the operating requirements of the scheme.

14 Financial risk management (continued)

(e) Liquidity risk (continued)

Under the terms of its Constitution, the Scheme has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

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

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

Maturity analysis for financial liabilities

The table below analyses the Scheme's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
As at 30 June 2022				
Distributions payable	9,300	-	-	-
Accrued expenses	618	-	-	-
Net assets attributable to unitholders	<u>166,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>176,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
As at 30 June 2021				
Distributions payable	3,027	-	-	-
Accrued expenses	539	-	-	-
Net assets attributable to unitholders	<u>175,847</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>179,413</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

The carrying amounts of all the Scheme's financial assets and financial liabilities at the end of the reporting period approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Scheme's accounting policy on fair value measurement is set out in note 2(b). The methods and assumptions used in the determination of the fair value of each class of financial instruments is also set out in note 2(b).

Note 2(o) outlines further the nature of management's judgements, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

14 Financial risk management (continued)

(g) Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets; market corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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

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

All fair value measurements disclosed are recurring fair value measurements.

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	53,022	-	-	53,022
Listed unit trusts	1,931	-	-	1,931
Listed property trusts	3,327	-	-	3,327
Unlisted managed investments schemes	-	45,060	-	45,060
Fixed interest bonds	-	30,519	-	30,519
Floating rate notes	-	11,890	-	11,890
Total	58,280	87,469	-	145,749

14 Financial risk management (continued)

(g) Fair value hierarchy (continued)

As at 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	57,479	-	-	57,479
Listed unit trusts	2,467	-	-	2,467
Listed property trusts	4,153	-	-	4,153
Unlisted managed investment schemes	-	49,793	-	49,793
Fixed interest bonds	-	23,726	-	23,726
Floating rate notes	-	9,581	-	9,581
Total	64,099	83,100	-	147,199

In determining fair value measurement, the impact of geo-political and trade policies which may affect the fair value measurement of assets and liabilities in the financial statements has been considered.

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

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include fixed interest bonds and floating rate notes.

Level 2 investments could also include those that are subject to transfer restrictions (e.g. redemption restrictions). Valuations for these investments may be adjusted to reflect illiquidity and/or non transferability, which are generally based on available market information.

Typically, prices of units in unlisted managed investment trusts which are either published on the investment manager's website and/or circulated among market participants as executable quotes are categorised as level 2. Level 2 instruments may include investment grade corporate bonds, and over the counter derivatives.

Where a valuation model technique is used, the Scheme considers other liquidity, credit and market risk factors, and adjusts the model as deemed necessary. There have been no changes to the valuation techniques used for financial instruments classified as level 2.

The scheme does not hold any level 3 investments.

There were no transfers between levels of fair value hierarchy that have occurred at the reporting date (2021: Nil).

15 Related party transactions

Responsible Entity

The Responsible Entity of CCI Asset Management Catholic Values Unit Trust is CCI Asset Management Limited.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of CCI Asset Management Limited at any time during the reporting period as follows:

Richard Haddock (Chairman)
 Gregory Cooper
 Reverend Dr Philip Marshall
 Noel Condon

No fees were paid out of the Scheme property to the key management personnel of the Scheme during the reporting period.

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the reporting period.

Responsible Entity's/Manager's fees and other transactions

Under the terms of the Scheme's Constitution, the Responsible Entity is entitled to receive management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Scheme.

Expenses in connection with the administration of the Scheme are reimbursed in accordance with the Scheme's Constitution.

The transactions during the reporting period and amounts payable outstanding at the end of the reporting period between the Scheme and the Responsible Entity were as follows:

	For the reporting period ended	
	30 June 2022	30 June 2021
	\$	\$
Management fees for the reporting period paid by the Scheme to the Responsible Entity	<u>1,241,721</u>	<u>1,044,670</u>
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	<u>618,267</u>	<u>539,120</u>

Related party schemes' unitholdings

Parties related to the Scheme (including CCI Asset Management Limited, its related parties and other schemes managed by CCI Asset Management Limited), held no units in the Scheme (2021: Nil).

Investments

The Scheme did not hold any investments in CCI Asset Management Limited or its related parties during the reporting period (2021: Nil).

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

	For the reporting period ended	
	30 June 2022 \$'000	30 June 2021 \$'000
(a) Reconciliation of profit/(loss) to net cash (outflow) from operating activities		
(Decrease)/increase in net assets attributable to unitholders	(20,325)	20,957
Proceeds from sale of financial instruments at fair value through profit or loss	24,491	12,403
Purchase of financial instruments at fair value through profit or loss	(40,105)	(22,439)
Net losses/(gains) on financial instruments at fair value through profit or loss	18,107	(22,030)
Net change in receivables and other assets	(2,158)	(148)
Net change in account payable and accrued expenses	79	95
Distributions to unitholders	11,938	3,920
Reinvested income	<u>(762)</u>	<u>(352)</u>
Net cash (outflow) from operating activities	<u>(8,735)</u>	<u>(7,594)</u>
(b) Components of cash and cash equivalents		
Cash as at the end of the reporting period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	<u>27,076</u>	<u>29,359</u>
	<u>27,076</u>	<u>29,359</u>
(c) Non-cash financing activities		
During the reporting period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan		
	<u>3,651</u>	<u>3,064</u>
	<u>3,651</u>	<u>3,064</u>

17 Events occurring after the reporting period

There are no items, transactions or events of a material and unusual nature that have arisen between the end of the financial period and the date of this report, which are likely, in the opinion of the Directors, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2022 and 30 June 2021.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 30 are in accordance with the Scheme's Constitution including:
 - (i) complying with Australian Accounting Standards, and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2022 and of its performance, as represented by the results of its operations and cash flows, for the reporting period ended on that date.
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Scheme's Constitution.
- (d) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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


[Noel Condon \(Sep 26, 2022 11:28 GMT+10\)](#)

Noel Condon
Director

21 September 2022






CCVLUT 30.06.2022 Final

Final Audit Report

2022-09-26

Created:	2022-09-25
By:	Stephen Kirby (Stephen.Kirby@ccinsurance.org.au)
Status:	Signed
Transaction ID:	CBJCHBCAABAAbPe-JKuZW01WSE7bjvUd-i5q770WbCSD

"CCVLUT 30.06.2022 Final" History

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2022-09-25 - 11:12:29 PM GMT- IP address: 103.143.94.222
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