

UBT Invest Australian Retail Credit Fund

ARSN 623 121 817

Report for the financial year ended 31 December 2021

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Directors' Report

The directors of One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042), (the "Responsible Entity") the responsible entity of UBT Invest Australian Retail Credit Fund (ARSN 623 121 817) (the "Fund"), submit their report together with the financial statements for the Fund for the financial year ended 31 December 2021.

Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity, in office during the year ended 31 December 2021 and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

Principal Activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted and registered as a managed investment scheme on 11 December 2017, and commenced operations on 6 July 2018. The financial statements cover the financial year ended 31 December 2021.

The principal activity of the Fund during the financial year was to invest in accordance with the provisions of the Fund's Constitution and its Product Disclosure Statement ("PDS"), dated 24 September 2019.

The Fund aims to provide exposure to loan investments, through an interposed entity called the UBT Invest Commercial Credit Fund ("Commercial Credit Fund"). The Commercial Credit Fund is the investment vehicle which makes the investments which generate the returns to be paid to the Fund. It seeks to generate returns by making loans to Brethren Community businesses, in addition to making investments in other credit funds, fixed income investments and cash and cash like investments.

The objective of the Fund is to generate returns that are above the median term deposit rate paid by the major banks for a similar term as the investment terms in the Fund (either 3 months or 12 months). By investing the Fund assets into the Commercial Credit Fund, the Fund is seeking to generate a monthly return for its investors.

The Fund did not have any employees during the reporting year.

Review of Operations

Results

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of the financial statements. The net profit attributable to unitholders for the year ended 31 December 2021 was \$3,202,178 (2020: \$2,972,888).

Distributions

In respect of the financial year ended 31 December 2021, distributions totalling \$3,202,178 (2020: \$2,972,888) were declared to be paid to unitholders of which \$302,045 (2020: \$262,457) was payable as at 31 December 2021.

Directors' Report (continued)

Value of Assets and Units Issued

The total value of the Fund's assets at 31 December 2021 was \$259,683,102 (2020: \$207,264,074). The total number of units on issue as at 31 December 2021 was 129,032,838 and 109,205,755 (2020: 135,334,940 and 70,881,248) for the 12 month unit class and 3 month unit class, respectively.

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the financial year and as at 31 December 2021.

Significant Changes in State of Affairs

During the financial year there were no significant changes in the state of affairs of the Fund.

Subsequent Events

There has been no matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely Developments and Expected Results of Operations

The Fund will be managed in accordance with the Constitution and investment objectives as detailed in its PDS dated 24 September 2019.

Environmental Regulation and Performance

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Indemnification of Directors, Officers and Auditors

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition, the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

The report is made in accordance with a resolution of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle
Director
22 March 2022

22 March 2022

The Directors
One Managed Investment Funds Limited
As the Responsible Entity of UBT Invest Australian
Retail Credit Fund
Level 16, Governor Macquarie Tower,
1 Farrer Place
SYDNEY NSW 2000

Dear Board Members

UBT Invest Australian Retail Credit Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of One Managed Investment Funds Limited.

As lead audit partner for the audit of the financial report of UBT Invest Australian Retail Credit Fund for the financial year ended 31 December 2021, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

**Crowe Sydney****John Haydon**
Senior Partner

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

Independent Auditor's Report to the Unitholders of UBT Invest Australian Retail Credit Fund

Opinion

We have audited the financial report of UBT Invest Australian Retail Credit Fund (the Fund), which comprises the statement of financial position as at 31 December 2021, the statement of profit of loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

Responsibilities of the Directors for the Financial Report

The directors of One Managed Investment Funds Limited as 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 of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

We communicate with those charged with governance 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 the audit.



Crowe Sydney



John Haydon
Senior Partner

22 March 2022

Directors' Declaration

In the opinion of the directors of One Managed Investment Funds Limited, the Responsible Entity of UBT Invest Australian Retail Credit Fund (the "Fund"):

- (a) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 (a) to the financial statements; and
- (c) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 295(5) of the *Corporations Act 2001*.



Frank Tearle
Director
22 March 2022

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021

	Note	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
Revenue			
Interest income		2,560	4,775
Distribution income	5	3,616,073	3,282,897
Other income		61,835	33,128
Total revenue		3,680,468	3,320,800
Expenses			
Administration expenses	6	250,521	207,998
Management fees		215,315	133,748
Professional fees		12,454	6,166
Total expenses		478,290	347,912
Profit for the year	12	3,202,178	2,972,888
Other comprehensive income		-	-
Total comprehensive income for the year		3,202,178	2,972,888

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Assets			
Cash and cash equivalents	7(a)	16,121,987	37,886
Distributions receivable	8	346,142	295,753
GST receivable		8,379	6,514
Financial assets at fair value through profit or loss	9	238,238,594	206,216,188
Redemptions receivable		4,968,000	707,733
Total assets		259,683,102	207,264,074
Liabilities			
Distributions payable		302,045	262,457
Redemptions payable		4,968,000	707,733
Applications received in advance		-	12,000
Applications payable to UBT Invest Commercial Credit Fund		13,200,700	-
Trade and other payables	11	2,973,657	65,589
Total liabilities		21,444,402	1,047,779
Net assets attributable to unitholders – equity		238,238,700	206,216,295

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2021

	Note	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
Total equity at the beginning of the year		206,216,295	45,643,834
Comprehensive income for the year			
Profit for the year		3,202,178	2,972,888
Other comprehensive income		-	-
Total comprehensive income for the year		3,202,178	2,972,888
Transactions with unitholders			
Applications for units by unitholders	12	110,951,340	183,827,059
Redemptions of units by unitholders	12	(78,928,935)	(23,254,598)
Distributions paid and payable	12	(3,202,178)	(2,972,888)
Total transactions with unitholders		28,820,227	157,599,573
Total equity at the end of the financial year	12	238,238,700	206,216,295

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

Statement of Cash Flows for the year ended 31 December 2021

		Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
Cash flows from operating activities			
Interest received	Note	2,560	4,775
Distributions received		3,565,684	3,087,166
Other income received		61,835	33,128
Payments of other expenses		(484,087)	(325,613)
Net payments for financial assets		(23,081,973)	(160,065,735)
Net cash used in operating activities	7(b)	(19,935,981)	(157,266,279)
Cash flows from financing activities			
Applications by unitholders		103,908,340	183,827,059
Redemptions of units		(67,625,668)	(23,761,325)
Amount received from Commercial Credit Fund		2,900,000	-
Applications received in advance		-	12,000
Distributions paid to unitholders		(3,162,590)	(2,808,978)
Net cash provided by financing activities		36,020,082	157,268,755
Net increase in cash and cash equivalents		16,084,101	2,477
Cash and cash equivalents at the beginning of the year		37,886	35,409
Cash and cash equivalents at the end of the year	7(a)	16,121,987	37,886
Non-cash financing activities	7(c)	-	-

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

Notes to the Financial Statements

1. General Information

These financial statements cover UBT Invest Australian Retail Credit Fund (the “Fund”) as an individual entity. The Fund is an Australian unlisted registered managed investment scheme. The Fund was constituted and registered as a managed investment scheme on 11 December 2017, and commenced operations on 6 July 2018. The financial statements cover the financial year ended 31 December 2021.

The responsible entity of the Fund is One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) (the “Responsible Entity”). The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

The principal activity of the Fund during the financial year ended 31 December 2021 was to invest in accordance with the provisions of the Fund’s Constitution and its Product Disclosure Statement (“PDS”), dated 24 September 2019.

The investment manager for the Fund is Aura Funds Management Pty Ltd (ACN 607 158 814) (the “Investment Manager”).

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

2. Adoption of New and Revised Accounting Standards

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are relevant to its operations and are effective for the current financial reporting year ended 31 December 2021.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

3. Significant Accounting Policies

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board, the Fund’s Constitution and the *Corporations Act 2001* in Australia.

Compliance with Australian Accounting Standards, as issued by the AASB ensures that the financial statements and notes thereto comply with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements, as issued by the IASB. These policies have been consistently applied unless otherwise stated in the following text.

b) Basis of preparation

This general purpose financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months. However, an estimate of that amount cannot be readily determined as at balance date.

All amounts are presented in Australian dollars as the functional and presentation currency of the Fund.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

c) Going concern basis

This financial report has been prepared on a going concern basis.

d) Revenue and income recognition

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Changes in fair value of financial assets and liabilities are recognised in profit or loss in the year in which the changes occur.

Interest income

Interest income is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Distribution income

Distributions from investments are recognised when the right to receive the payment is established.

e) Expenses

All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

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

g) Financial instruments

Investments in financial instruments

Investments in financial instruments as defined by AASB 132 *'Financial Instruments: Presentation'* are categorised in accordance with AASB 9 *'Financial Instruments'*. This classification is determined by the purpose underpinning the acquisition of the investment.

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are initially recognised using trade date accounting i.e. when the Fund becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value plus, in the case of financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

g) Financial instruments (continued)

Derecognition

Financial assets are derecognised if the Fund's contractual rights to the cash flows from the financial assets expire, or if the Fund transfers the financial assets to another party without retaining substantially all the risks and rewards attached to the asset. Financial liabilities are derecognised if the Fund's obligations specified in the contract expire or are discharged or cancelled.

Impairment

The financial assets held at amortised cost are subject to impairment testing. At the end of each reporting year, the Fund assesses whether there is objective evidence that the financial assets have been impaired.

Derivative financial instruments

During the year, the Fund did not hold any derivative financial instruments to hedge its interest rate risk exposures.

h) Taxation

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

i) Distributions

Upon adopting the AMIT regime, the Responsible Entity is no longer contractually obligated to pay distributions. The Responsible Entity will attribute the Fund's income to unitholders on a fair and reasonable basis. However, the Responsible Entity will not have a requirement under the Fund Constitution to distribute Trust income to unitholders. Any subsequent distribution will be recognised in the Statement of Changes in Equity.

j) Receivables

Receivables may include amounts for interest, trust distributions and securities where settlement has not occurred. Trust distributions are accrued when the right to receive payment is established. Interest is accrued in accordance with the method set out in note 3 d) 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 Fund 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 Fund 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 trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

k) Payables

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

l) Applications and redemptions

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

Notes to the Financial Statements

3. Significant Accounting Policies (continued)***m) Critical accounting judgements and key sources of estimation uncertainty***

Management has adhered to the Fund's unit pricing policy which sets out the basis upon which the units of the Fund have been valued, a copy of which is available upon request.

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. The assumptions and methods used in the determination of the value of investments are outlined in notes 3(b) and 3(g) of these financial statements.

n) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, management fees, administration fees and legal fees were subject to Reduced Input Tax Credits ("RITCs") in accordance with legislation.

The following RITC rates were applied by the Fund during the reporting year ended 31 December 2021.

Services Supplied	RITC Rate
Responsible entity, audit, registry & legal fees	55%
Investment management, custody &, administration fees	75%

o) Net assets attributable to unitholders

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

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

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

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavorable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

Notes to the Financial Statements

4. Financial Risk Management Objectives and Policies

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks arising from investing in financial instruments are inherent in the Fund's activities and cannot be completely mitigated by the Responsible Entity and the Fund's appointed service providers. The Fund is exposed to a number of risks that could affect the performance of the Fund, the level of income distributions and the repayment of capital. The management of these risks is carried out by the Investment Manager under policies approved by the directors of the Responsible Entity. The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Credit risk

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

The main concentration of credit risk, arises from the Fund's exposure to loan investments, through an interposed entity called the UBT Invest Commercial Credit Fund ("Commercial Credit Fund"). The Commercial Credit Fund is the investment vehicle which makes the investments which generate the returns to be paid to the Fund. It seeks to generate returns by making loans to Brethren Community businesses, in addition to making investments in other credit funds, fixed income investments and cash and cash like investments.

There is a risk that the borrowers from the Commercial Credit Fund may not be able to meet their financial obligations to pay interest and/or principal in respect of loans made by the Commercial Credit Fund. This may then impact upon the Fund's performance and the value of its units.

Credit risk is managed and monitored on an ongoing basis by the Investment Manager via the investment and credit committee for the Commercial Credit Fund. This committee has been established by the Investment Manager to:

- oversee investment and credit related risks to ensure that exposure to these risks remains within the committee's risk appetite and is generally consistent with the risk appetite of investors;
- maintain an appropriate lending and credit policy; and
- assist the trustee of the Commercial Credit Fund in its investment governance including developing, selecting, managing and monitoring investments and investment strategies consistent with the lending and credit policy.

The Fund is also exposed to counterparty credit risk on cash and cash equivalents.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits are approved; and
- ensuring that transactions are undertaken with a large number of counterparties.

There were no significant concentrations of credit risk to counterparties at 31 December 2021 (31 December 2020: nil).

(b) Market risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market variables such as interest rates. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

Notes to the Financial Statements

4. Financial Risk Management Objectives and Policies (continued)

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Fund 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 loans and other cash and cash like investments held by the Commercial Credit Fund in which the Fund invests. Therefore, the sensitivity analysis below may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

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

	Fixed interest rate						Non-interest bearing	Total
	Floating interest rate	3 months or less	4 to 12 months	1 to 5 years	over 5 years			
31 December 2021	\$	\$	\$	\$	\$	\$	\$	
Assets								
Cash and cash equivalents	16,121,987	-	-	-	-	-	16,121,987	
Distribution receivable	-	-	-	-	-	346,142	346,142	
GST receivable	-	-	-	-	-	8,379	8,379	
Financial assets held at fair value through profit or loss	-	-	-	-	-	238,238,594	238,238,594	
Redemption receivable	-	-	-	-	-	4,968,000	4,968,000	
Total assets	16,121,987	-	-	-	-	243,561,115	259,683,102	
Liabilities								
Distribution payable	-	-	-	-	-	302,045	302,045	
Redemption payable	-	-	-	-	-	4,968,000	4,968,000	
Applications payable to UBT Invest Commercial Credit Fund	-	-	-	-	-	13,200,700	13,200,700	
Trade and other payables	-	-	-	-	-	2,973,657	2,973,657	
Total liabilities	-	-	-	-	-	21,444,402	21,444,402	
Net exposure	16,121,987	-	-	-	-	222,116,713	238,238,700	

Notes to the Financial Statements

4. Financial Risk Management Objectives and Policies (continued)

(d) Liquidity risk

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

The Fund is exposed to monthly cash redemptions of its units. Its policy is therefore to require the Commercial Credit Fund to keep up to 10% of its investments in cash and cash-like investments so that it can meet withdrawal requests that it might receive from the Fund. The Fund will make withdrawal requests from the Commercial Credit Fund when investors seek to withdraw their investments in the Fund. The Fund may not always be able to meet investors' withdrawal requests. This could occur if particular assets which are held aside to meet withdrawal requests are not adequate to meet the level of demand for withdrawals or the Fund is unable to liquidate its investments in the Commercial Credit Fund in time. The Responsible Entity may consider that there are not enough liquid assets held by the Fund at that point, and in that case, withdrawals on request will cease.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of discretion is in the best interests of unitholders. The Fund did not reject any applications or withhold any redemptions during the year ended 31 December 2021.

The table below analyses the Fund's financial liabilities and net assets attributable to unitholders into relevant maturity groupings based on the remaining year from 31 December 2021 to the contractual maturity date. Units are redeemed on demand at the unitholder's option. However, the directors of the Responsible Entity do 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.

	On demand	3 months or less	4 to 12 months	1 to 5 years	over 5 years	Total
	\$	\$	\$	\$	\$	\$
31 December 2021						
Distribution payable	-	302,045	-	-	-	302,045
Redemption payable	-	4,968,000	-	-	-	4,968,000
Applications payable to UBT Invest Commercial Credit Fund	-	13,200,700	-	-	-	13,200,700
Payables	-	2,973,657	-	-	-	2,973,657
Net assets attributable to unitholders - equity	238,238,700	-	-	-	-	238,238,700
Contractual cash flows	238,238,700	21,444,402	-	-	-	259,683,102
31 December 2020						
Distribution payable	-	262,457	-	-	-	262,457
Redemption payable	-	707,733	-	-	-	707,733
Application received in advance		12,000	-	-	-	12,000
Payables	-	65,589	-	-	-	65,589
Net assets attributable to unitholders - equity	206,216,295	-	-	-	-	206,216,295
Contractual cash flows	206,216,295	1,047,779	-	-	-	207,264,074

The amounts in the table are the contractual undiscounted cash flows. Balances equal their carrying values, as the impact of discounting is not significant.

Notes to the Financial Statements

5. Distribution Income

	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
Distribution from UBT Invest Commercial Credit Fund	<u>3,616,073</u>	<u>3,282,897</u>

6. Administration Expenses

	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
Responsible entity fees	79,082	58,055
Registry fees	56,115	64,568
Custody fees	67,318	44,506
Administration and accounting fees	22,299	21,432
Audit fees	21,864	17,337
Other administration expenses	<u>3,843</u>	<u>2,100</u>
Total for the financial year	<u>250,521</u>	<u>207,998</u>

7. Cash and Cash Equivalents

- (a) Cash and cash equivalents include cash on hand and cash at banks. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	31 December 2021 \$	31 December 2020 \$
Cash at bank	<u>16,121,987</u>	<u>37,886</u>
Balance at the end of the financial year	<u>16,121,987</u>	<u>37,886</u>

- (b) Reconciliation of net profit attributable to unitholders for the year to net cash flows used in operating activities:

	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
Profit for the year	3,202,178	2,972,888
Net payment for purchase and sale of financial assets	(23,081,973)	(160,065,735)
Change in assets and liabilities:		
Net changes in current assets	(52,254)	(198,844)
Net changes in trade and other payables	<u>(3,932)</u>	<u>25,412</u>
Net cash used in operating activities	<u>(19,935,981)</u>	<u>(157,266,279)</u>

- (c) During the financial year, there have been 6,275,000 units switching from 12 month to 3 month unit class and 768,000 units switching from 3 month to 12 month unit class. These transactions are non-cash movement financing activities.

Notes to the Financial Statements

8. Distribution Receivable

	31 December 2021 \$	31 December 2020 \$
Distribution receivable from UBT Invest Commercial Credit Fund	346,142	295,753
Balance at the end of the financial year	346,142	295,753

9. Financial Assets held at fair value through profit or loss

	31 December 2021 \$	31 December 2020 \$
Investment in UBT Invest Commercial Credit Fund	238,238,594	206,216,188
Balance at the end of the financial year	238,238,594	206,216,188

10. Fair value measurement

The Fund measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis. The Fund has no assets and liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments held at 31 December 2021 recorded at fair value and presented by level of the fair value hierarchy:

Notes to the Financial Statements
10. Fair value measurement (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2021				
Financial assets designated at fair value through profit or loss:				
Investment in UBT Invest Commercial Credit Fund	-	-	238,238,594	238,238,594
Total	-	-	238,238,594	238,238,594
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2020				
Financial assets designated at fair value through profit or loss:				
Investment in UBT Invest Commercial Credit Fund	-	-	206,216,188	206,216,188
Total	-	-	206,216,188	206,216,188

Transfer between levels

There have been no transfers between levels for the year ended 31 December 2021.

Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

11. Trade and Other Payables

	31 December 2021 \$	31 December 2020 \$
Accrued charges	73,657	65,994
Payable to UBT Invest Commercial Credit Fund	2,900,000	(405)
Balance at the end of the financial year	2,973,657	65,589

12. Net Assets Attributable to Unitholders

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

	31 December 2021	
	No. of Units	\$
3 month class		
Opening balance as at 1 January 2021	70,881,248	70,881,258
Applications for units by unitholders	81,627,988	81,627,988
Redemption of units	(43,303,481)	(43,303,481)
Distributions paid to unitholders	-	(1,157,826)
Profit for the year	-	1,157,826
Balance at the end of the financial year	109,205,755	109,205,765
12 month class		
Opening balance as at 1 January 2021	135,334,940	135,335,037
Applications for units by unitholders	29,323,352	29,323,352
Redemption of units	(35,625,454)	(35,625,454)
Distributions paid to unitholders	-	(2,044,352)
Profit for the year	-	2,044,352
Balance at the end of the financial year	129,032,838	129,032,935

Notes to the Financial Statements

	31 December 2021	
	No. of Units	\$
12. Net Assets Attributable to Unitholders (continued)		
Total		
Opening balance as at 1 January 2021	206,216,188	206,216,295
Applications for units by unitholders	110,951,340	110,951,340
Redemption of units	(78,928,935)	(78,928,935)
Distributions paid to unitholders	-	(3,202,178)
Profit for the year	-	3,202,178
Total balance at the end of the financial year	238,238,593	238,238,700
	31 December 2020	
	No. of Units	\$
3 month class		
Opening balance as at 1 January 2020	5,092,887	5,092,897
Applications for units by unitholders	81,978,178	81,978,178
Redemption of units	(16,189,817)	(16,189,817)
Distributions paid to unitholders	-	(871,608)
Profit for the period	-	871,608
Balance at the end of the financial year	70,881,248	70,881,258
12 month class		
Opening balance as at 1 January 2020	40,550,840	40,550,937
Applications for units by unitholders	101,848,881	101,848,881
Redemption of units	(7,064,781)	(7,064,781)
Distributions paid to unitholders	-	(2,101,280)
Profit for the period	-	2,101,280
Balance at the end of the financial year	135,334,940	135,335,037
Total		
Opening balance as at 1 January 2020	45,643,727	45,643,834
Applications for units by unitholders	183,827,059	183,827,059
Redemption of units	(23,254,598)	(23,254,598)
Distributions paid to unitholders	-	(2,972,888)
Profit for the period	-	2,972,888
Total balance at the end of the financial year	206,216,188	206,216,295

Notes to the Financial Statements

13. Capital Management

As a result of the ability to issue, redeem and transfer units, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable units. The Fund's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in the Fund's PDS;
- to achieve consistent returns while safeguarding capital;
- to maintain sufficient liquidity to meet the ongoing expenses of the Fund; and
- to maintain sufficient size to make the operation of the Fund cost-efficient.

14. Related Party Transactions

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

(a) Key management personnel

(i) Directors

The key management personnel of the Responsible Entity, during the year ended 31 December 2021 are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the year and as at 31 December 2021.

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

No fees or remuneration were paid directly to the key management personnel from the Fund during the financial year ended 31 December 2021.

(b) Responsible Entity/Custodian/Investment Manager fees

(i) Responsible Entity fees

The following fees were payable to the Responsible Entity (which also acts as the Fund's Custodian) out of the Fund's assets during the year ended 31 December 2021:

	31 December 2021 \$	31 December 2020 \$
Responsible Entity fees for the year	79,082	58,055
Responsible Entity fees payable	7,655	6,285
Custody fees for the year	67,318	44,506
Custody fees payable	6,654	5,311

Notes to the Financial Statements

14. Related Party Transactions (continued)

(b) Responsible Entity/Custodian/Investment Manager fees (continued)

(ii) Investment Manager fees

The following fees were payable to the Investment Manager out of the Fund's assets during the year ended 31 December 2021:

	31 December 2021 \$	31 December 2020 \$
Investment Manager fees for the year	215,315	133,748
Investment Manager fees payable	21,844	16,674

(c) Other fees paid to related parties

The Responsible Entity has appointed third party service providers to the Fund, some of whom are related parties of the Responsible Entity. The following entities which are related parties of the Responsible Entity, have provided services to the Fund during the financial year ended 31 December 2021:

- One Registry Services Pty Limited (ACN 141 757 360) – unit registry services

The transactions during the year and amounts payable as at 31 December 2021 between the Fund and these related party service providers were as follows:

	31 December 2021 \$	31 December 2020 \$
Registry fees for the year	56,115	64,568
Registry fees payable	16,655	17,939

(d) Investment in Unlisted Managed Investment Scheme

The Fund has an investment in UBT Invest Commercial Credit Fund ("Commercial Credit Fund"). One LS Pty Limited ("Trustee") is the Trustee of Commercial Credit Fund and is a subsidiary of One Investment Group ("OIG"). The Responsible Entity of the Fund is also a subsidiary of OIG. The Fund owns all units in the Commercial Credit Fund, with the exception of 1 residual unit.

The transactions during the year and balances as at 31 December 2021 between the Fund and Commercial Credit Fund are as disclosed in notes 5, 8, 9, 10 and 11.

The transactions during the year and balances as at 31 December 2021 between Commercial Credit Fund and related parties of the Fund are as follows:

	31 December 2021 \$	31 December 2020 \$
Trustee fees for the year paid by Commercial Credit Fund to the Trustee	68,496	47,550
Trustee fees payable by Commercial Credit Fund to the Trustee	6,391	5,430
Investment Manager fees for the year paid by Commercial Credit Fund to the Investment Manager	623,859	409,557
Investment Manager fees payable by Commercial Credit Fund to the Investment Manager	59,503	48,664
Custody fees for the year paid by Commercial Credit Fund to the Responsible Entity	67,081	46,640
Custody fees payable by Commercial Credit Fund to the Responsible Entity	6,269	5,326
Registry fees for the year paid by Commercial Credit Fund to One Registry Services Pty Limited	10,777	9,172
Registry fees payable by Commercial Credit Fund to One Registry Services Pty Limited	3,493	1,904

Notes to the Financial Statements

14. Related Party Transactions (continued)**(e) Other Key Management Personnel**

The key management personnel of the Investment Manager at any time during the financial year are:

Name	Title
Brett Craig	Director

Key management personnel of the Investment Manager and their associated entities did not hold any units in the Fund during the year and as at 31 December 2021.

(f) Other Key Management Personnel compensation

Key management personnel of the Investment Manager have not been compensated out of the Fund for the year ended 31 December 2021.

15. Auditor's Remuneration

	31 December 2021	31 December 2020
	\$	\$
Crowe Sydney		
Auditing of the financial report	21,864	17,337

The auditor's remuneration was borne by the Fund in accordance with the Fund's Constitution. There were no other services provided by the auditor to the Fund.

During the year, the Fund has paid to Ernst & Young \$3,500 (2020: \$3,400) for the audit of the Compliance Plan.

16. Commitments and Contingencies

There were no commitments or contingencies at 31 December 2021 (31 December 2020: Nil).

17. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year ended 31 December 2021 that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.