

**OAM Select Income Fund**

**ARSN 646 952 267**

Annual report for the period from 4 January 2021 to 30 June 2022

## Index to the Financial Statements

	<b>Page</b>
Directors' Report	1
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Cash Flows	8
Statement of Changes in Net Assets Attributable to Unitholders	9
Notes to the Financial Statements	10
Directors' Declaration	26
Independent Auditor's Report	27

### Directors' Report

The directors of One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297042) ("OMIFL" or the "Responsible Entity"), the responsible entity of OAM Select Income Fund (ARSN 646 952 267) (the "Fund"), submit their report together with the financial statements for the Fund for the period from 4 January 2021 to 30 June 2022.

#### Responsible Entity - from 7 January 2022 to date

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

#### Former Responsible Entity - from 4 January 2021 to 6 January 2022

The former responsible entity of the Fund was Millinium Capital Managers Limited (ACN 111 283 357; AFSL 284 336) ("Millinium" or the "Former Responsible Entity"). The registered office and principal place of business of Millinium is Level 13 Suite 1301B, 50 Margaret Street, Sydney NSW 2001.

#### Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity who held office from 7 January 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 names of the directors and company secretaries of the Former Responsible Entity from 4 January 2021 to 6 January 2022 are:

Name	Title
Thomas James Wallace	Director and Company Secretary
Paul Bray	Director
Otto Walter Rieth	Director

#### Principal activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 4 January 2021, registered on 20 January 2021 and commenced operations on 1 August 2021. The financial statements cover the period from 4 January 2021 to 30 June 2022.

The principal activity of the Fund during the period was to invest in a portfolio of loans to borrowers in, and developers of, residential, commercial, retail and industrial real estate across Australia.

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

## OAM Select Income Fund

### Directors' Report (continued)

#### 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 profit attributable to unitholders for the period ended 30 June 2022 was \$463,211.

##### *Distributions*

In respect of the financial period ended 30 June 2022, distributions totalling \$463,211 were declared, of which \$75,896 was payable to the unitholders as of 30 June 2022.

##### *Value of Assets and Units Issued*

The total value of the Fund's assets at 30 June 2022 was \$19,469,469. The total number of units on issue as at 30 June 2022 was 19,352,470. The total number of units and net asset value by class as at 30 June 2022 are as follows:

	30 June 2022	
	No. of Units	Amount (\$)
Class A	2,490,850	2,490,850
Class B	4,446,115	4,446,115
Class C	9,496,600	9,496,600
Class D	2,918,905	2,918,905
<b>Total</b>	<b>19,352,470</b>	<b>19,352,470</b>

#### Changes in State of Affairs

On 24 March 2021, a supplemental deed was executed to change the name of the Fund from OAM First Mortgage Fund to OAM Select Income Fund.

On 16 December 2021, the unitholders appointed OMIFL to be the responsible entity of the Fund that took effect on 7 January 2022, and Millinium retired as the responsible entity.

Other than the matter discussed above, there were no other significant changes in the state of affairs of the Fund during the period.

### **Directors' Report (continued)**

#### **Covid-19 and the Ukraine invasion**

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 2019. The World Health Organisation declared a global pandemic in March 2020 and as at 30 June 2022, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their responsible entities, both directly and indirectly.

In February 2022 the Russian Federation invaded Ukraine. Due to this ongoing conflict there is an increased level of global uncertainty with increased market and economic volatility, which may in turn have an impact on the Fund.

As these situations are ongoing, Oreana Financial Services Ltd ("Investment Manager") continues to monitor both the valuation of the Fund's assets and the Fund's liquidity. In these circumstances, there is uncertainty around valuations. The Investment Manager will continue to closely monitor market situations to ensure valuations remain appropriate. The Investment Manager will provide resources and updates where necessary to provide informed guidance for clients during this rapidly changing environment.

#### **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.

#### **Subsequent Events**

There has been no matter or circumstance occurring subsequent to the end of the period 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 periods.

#### **Future Developments**

The Fund will be managed in accordance with the Fund's Constitution and investment objectives as detailed in its most recent Product Disclosure Statement.

#### **Indemnification of Directors, Officers and Auditors**

During or since the period, 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.

**Directors' Report (continued)**

**Auditor's Independence Declaration**

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5.

ESV Business Advice and Accounting has been appointed as the Fund's auditor effective 12 August 2022.

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



Frank Tearle  
Director  
18 October 2022

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of OAM Select Income Fund for period ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney on the 18<sup>th</sup> of October 2022

ESV

**ESV Business advice and accounting**



**Tim Valtwies**  
**Partner**

**Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2022**

	Note	4 January 2021 to 30 June 2022
		\$
<b>Investment income</b>		
Interest income	5	286,002
Other income		268,265
<b>Total investment income</b>		554,267
<b>Expenses</b>		
Management fees	6	91,016
Bank fees		40
<b>Total expenses</b>		91,056
<b>Net gain attributable to unitholders</b>		463,211
<b>Finance costs attributable to unitholders</b>		
<b>Distributions to unit holders</b>		(463,211)
<b>Profit/(loss) for the period</b>		-
<b>Other comprehensive income</b>		-
<b>Total comprehensive income for the period</b>		-

*The accompanying Notes to the Financial Statements should be read in conjunction with this statement.*



**Statement of Financial Position as at 30 June 2022**

	<b>Note</b>	<b>30 June 2022</b>
		<b>\$</b>
<b>Assets</b>		
Cash and cash equivalents	7	7,847,667
Trade and other receivables		37,802
Financial assets	8	11,584,000
<b>Total assets</b>		<b>19,469,469</b>
<b>Liabilities</b>		
Trade and other payables	9	41,103
Distributions payable		75,896
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>116,999</b>
<b>Net assets attributable to unitholders - liability</b>	10	<b>19,352,470</b>

*The accompanying Notes to the Financial Statements should be read in conjunction with this statement.*

**Statement of Cash Flows for the period ended 30 June 2022**

	Note	4 January 2021 to 30 June 2022
		\$
<b>Cash flows from operating activities</b>		
Interest income received		283,019
Other income received		264,292
Payments to suppliers		(125,710)
Loan investments acquired		(13,184,000)
Receipt from loan repayments		1,600,000
<b>Net cash used in operating activities</b>	7(b)	<u>(11,162,399)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	10	19,352,470
Distributions paid to unitholders		<u>(342,404)</u>
<b>Net cash provided by financing activities</b>		<u>19,010,066</u>
<b>Net increase in cash and cash equivalents</b>		<b>7,847,667</b>
Cash and cash equivalents at the beginning of the period		<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	7(a)	<u><b>7,847,667</b></u>

*The accompanying Notes to the Financial Statements should be read in conjunction with this statement.*

**Statement of Changes in Net Assets Attributable to Unitholders for the period ended 30 June 2022**

	<b>Note</b>	<b>4 January 2021 to 30 June 2022</b>
		<b>\$</b>
Opening Balance		-
Applications for units		<b>19,352,470</b>
Net gain attributable to unitholders		<b>463,211</b>
Distributions paid		<b>(463,211)</b>
<b>Net assets attributable to unitholders</b>	<b>10</b>	<b>19,352,470</b>

*The accompanying Notes to the Financial Statements should be read in conjunction with this statement.*

## **1. General information**

This financial report covers OAM Select Income Fund (ARSN 646 952 267) (the "Fund"), an unlisted registered managed investment scheme.

The former Responsible Entity of the Fund is Millinium Capital Managers Limited (ACN 111 283 357; AFSL 284336) ("Millinium" or "Former Responsible Entity") and was replaced by One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297042) ("OMIFL" or the "Responsible Entity") on 7 January 2022. The Responsible Entity's registered office and principal place of business is Level 16, Governor Macquarie Tower 1 Farrer Place Sydney, NSW, 2000.

The Fund was constituted on 4 January 2021, registered on 20 January 2021 and commenced operations on 1 August 2021. The financial statements cover the period from 4 January 2021 to 30 June 2022.

The Investment Manager of the Fund is Oreana Asset Management, a division of Oreana Financial Services Ltd (CR No. 0766472) ("OAM" or "Investment Manager"). OAM is incorporated in Hong Kong and has been appointed as a corporate authorised representative (Authorised Representative Number: 001285005) of Oreana Financial Services Pty Ltd (ACN 607 515 122; AFSL 482234).

The principal activity of the Fund during the period ended 30 June 2022 was to invest in a portfolio of loans to borrowers in, and developers of, residential, commercial, retail and industrial real estate across Australia.

## **2. Adoption of new and revised Accounting Standards**

### ***Standards and interpretations affecting amounts reported in the current period***

The Fund has adopted all 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 period from 4 January 2021 to 30 June 2022.

### ***Standards and Interpretations issued but not yet mandatory***

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

## **3. Summary of significant accounting policies**

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. The financial statements have been prepared on an accruals basis and are based on historical costs unless stated otherwise in the notes.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

### ***(a) Statement of compliance***

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

**3. Summary of significant accounting policies (continued)**

***(a) Statement of compliance (continued)***

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

***(b) Basis of preparation***

This general purpose financial report has been prepared using historical cost basis.

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 amounts expected to be received or settled in relation to these balances cannot be readily determined.

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

***(c) Going concern basis***

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

***(d) Cash and cash equivalents***

Cash and cash equivalents comprise cash held at bank.

***(e) Revenue and other income***

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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.

Other income is recognized when it is received or when the right to receive the payment is established.

All revenue is stated net of the amount of goods and services tax.

***(f) Taxation***

Under the current tax legislation, the Fund is not subject to income tax provided that the unitholders are presently entitled to the income of the Fund and that the Fund entirely distributes its taxable income.

**3. Summary of significant accounting policies (continued)*****(f) Taxation (continued)***

There is no taxable income of the Fund to which the unitholders are not currently entitled. Additionally, the Fund's Constitution requires the distribution of the full amount of the net taxable income of the Fund to unitholders each year. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Fund, these gains would be included in the taxable income and assessable in the hands of the unitholders.

***(g) Trade and other receivables***

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

***(h) Trade and other payables***

Trade and other payables represent the liabilities for goods and services received by the Fund that remain unpaid at the end of the reporting period. The balance is recognized as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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

***(i) Goods and services tax ("GST")***

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

- Where the amount of GST is not recoverable from the taxation authority (Australian Taxation Office ("ATO")), 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 tax 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 management fees and administration fees were subjected to the Reduced Input Tax Credits ("RITCs") in accordance with legislation.

***(j) Financial instruments******Non-derivative financial instruments***

Non-derivative financial instruments comprise of cash and cash equivalents, held to maturity investments and receivables. This classification is determined by the purpose underpinning the acquisition of the investment.

**3. Summary of significant accounting policies (continued)**

**(j) Financial instruments (continued)**

*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**

These instruments are measured at amortised cost as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For loans the Fund applies a simplified approach in calculating expected credit losses (ECLs). Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on the ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

*Effective interest rate method*

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

*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**

The Fund's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised if the Fund's obligations specified in the contract expire or are discharged or cancelled.

**Derivative financial instruments**

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

**(k) Distributions**

The Fund distributes its distributable income, calculated in accordance with the Fund's Constitution, Product Disclosure Statement (PDS) and applicable tax legislation, to unitholders who are presently entitled to the income under the Fund's Constitution. Distributions to unitholders are presented in the Statement of Comprehensive Income as finance costs.

**3. Summary of significant accounting policies (continued)**

***(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.

***(m) Net assets attributable to unitholders***

Units are redeemable at the unitholder's option, however, under the Fund's Constitution, the Responsible Entity may suspend the acceptance of applications, withdrawal requests, the withdrawal of units and/or the payment of withdrawal amounts if the Responsible Entity believes that it is in the best interest of the unitholders as a whole, including if:

- (a) it is desirable for the protection of the Fund;
- (b) it suspects or is advised that the payment of the withdrawal amount may result in a contravention of anti-money laundering and counter-terrorism laws, financial transaction laws or other relevant laws to which the Responsible Entity is subject;
- (c) an emergency (including an emergency caused by a mechanical or electronic malfunction) or such other circumstances exist and as a result:
  - (i) it is not reasonably practicable for the Responsible Entity to acquire or dispose of assets or determine the application price or withdrawal price fairly;
  - (ii) the Responsible Entity's ability to acquire or dispose of assets or determine the application price or withdrawal price fairly is, or may be, significantly adversely affected; or
  - (iii) sufficient assets of the Fund cannot be realised at an appropriate price, in a timely manner or on adequate terms or otherwise.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

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 unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and



**3. Summary of significant accounting policies (continued)**

***(m) Net assets attributable to unitholders (continued)***

- the total expected cash flows attributed to the puttable financial instrument over the life are based substantially on the profit or loss.

As this is a multi-class fund, units are classified as financial liabilities as they do not meet the requirements of equity in accordance with AASB 132 *Financial instruments: Presentation*.

***(n) Critical accounting judgements and key sources of estimation uncertainty***

In the application of the accounting policies, management is 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 circumstance, 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of financial instruments are outlined in Note 3(j) of this financial report.

***Impairment***

Changes in facts and in management's evaluations and assumptions may give rise to further impairment losses, or reversals.

Financial assets are also periodically reviewed for impairment. Provisions for losses on trade receivables have been made based on an evaluation of individual accounts. Actual losses may turn out significantly different from the evaluations made based on the knowledge and assumptions at the time of approving the accounts.

**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), liquidity risk and credit risk.

The Fund's overall risk management programme focuses on ensuring compliance with the 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. The Fund's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures.

**4. Financial risk management objectives and policies (continued)*****(a) 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, foreign exchange rates and equity prices liquidity. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

The Fund's investments are contractual in nature with pre-defined outcomes, including interest earned and the duration of the Loans. Loans are secured against underlying Security Property or, in specific cases, include a First Loss Guarantee, meaning the Fund will be able to recover any outstanding amounts on exercising its security interest. As a result, it is expected that the Fund will perform according to expectations in a broad variety of market conditions. However, there may be certain market conditions where the income paid to Investors or repayment of the principal amount by Borrowers may be impacted, including as a result of:

- changes to the base interest rate in Australia, resulting in an increase or decrease to the income payable to investors;
- specific development, investment, corporate or external risks, resulting in the Fund having less income to pay to investors;
- decline in property prices, resulting in property investments being worth significantly less or developments being delayed or not proceeding;
- economic recession, resulting in a decrease in the Fund's finances, as well as its Borrower's finances. In extreme circumstances, this may also have an impact on the ability of the Borrower to support a First Loss Guarantee; and
- adverse economic environments, such as a significant decline in property values or a rise in unemployment.

To the extent the above scenarios severely negatively impact the Fund, the Investment Manager and Responsible Entity will determine the best course of action to protect the return of capital to investors by the end of their investment term. These scenarios will also likely reduce investment opportunities for the Fund and may result in the Investment Manager and Responsible Entity temporarily reducing or restricting applications for new Units in the Fund.

***Interest rate risk***

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

The Fund's cash and cash equivalents expose it to a risk of change in the fair value or future cash flows due to changes in interest rates. The table below summarises the Fund's exposure to interest rate risk.

The Funds interest bearing financial assets 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 risk is measured using sensitivity analysis.

## OAM Select Income Fund

### Notes to the Financial Statements

#### 4. Financial risk management objectives and policies (continued)

##### (a) Market risk (continued)

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's exposure to interest rate risk is set out in the following table:

	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
	\$	\$	\$	\$
<b>30 June 2022</b>				
<b>Assets</b>				
Cash and cash equivalents	7,847,667	-	-	7,847,667
Trade and other receivables	-	-	37,802	37,802
Financial assets	5,528,000	6,056,000	-	11,584,000
<b>Total assets</b>	<b>13,375,667</b>	<b>6,056,000</b>	<b>37,802</b>	<b>19,469,469</b>
<b>Liabilities</b>				
Trade and other payables	-	-	41,103	41,103
Distributions payable	-	-	75,896	75,896
Net assets attributable to unitholders	-	-	19,352,470	19,352,470
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>19,469,469</b>	<b>19,469,469</b>
<b>Net exposure</b>	<b>13,375,667</b>	<b>6,056,000</b>	<b>(19,431,667)</b>	<b>-</b>

The following table demonstrates the sensitivity of the Fund's net assets attributable to unitholders and operating profit to a reasonable change in interest rates, with all other variables constant. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Change in basis points increase/(decrease)	Effect on operating profit and net assets attributable to unitholders (\$)
<b>Period ended 30 June 2022</b>		
Market interest rate	100 (100)	133,757 (133,757)

**4. Financial risk management objectives and policies (continued)**
**(b) Liquidity risk**

Liquidity risk is the risk that loans are not actively traded and therefore may not be readily convertible to cash without some loss of capital to the Fund. Investors are required to commit their funds for the minimum Investment Term applicable to the Class of Units in which they invest. While it is intended that the Fund will operate as a Liquid fund, the Fund may become illiquid due to market developments.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Net assets attributable to unitholders is not considered a financial liability but has been included below as units are redeemed on maturity dates at the unitholder's option. However, the Responsible Entity 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.

	30 June 2022				
	< 1 month	1-6 months	6-12 months	> 12 months	Total
Liabilities	\$	\$	\$	\$	\$
Trade and other payables	-	41,103	-	-	41,103
Distributions payable	75,896	-	-	-	75,896
Net assets attributable to unitholders	3,138,559	11,872,728	4,336,073	5,110	19,352,470
<b>Total liabilities</b>	<b>3,214,455</b>	<b>11,913,831</b>	<b>4,336,073</b>	<b>5,110</b>	<b>19,469,469</b>

**(c) 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.

This is a risk that Borrowers may not be able to meet their obligations in full and not pay interest and repay principal or other financial obligations on time in accordance with the Loan agreement. The value of the loan might become impaired where underlying Loans are not repaid in full. This could result in a loss to an Investor of its capital invested in the Fund and may mean the Fund is unable to pay any income or make any distributions to the Investor. This risk is partly mitigated by the underlying Security Property, or, in specific cases, a First Loss Guarantee as set out in Note 8. However it is not possible to completely eliminate credit risk and Borrower default on a loan may be beyond our control. Equally, with loan to value ratios set at 70% and 80%, reductions in property values can have further effects on credit risks.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit position on an ongoing basis.

**Notes to the Financial Statements**

**4. Financial risk management objectives and policies (continued)**

**(c) Credit risk (continued)**

*Maximum exposure to credit risk*

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets.

**5. Interest income**

The following table provides information about the interest income generated from different sources during the financial period ended 30 June 2022.

	<b>4 January 2021 to 30 June 2022</b>
	<b>\$</b>
Loan interest	<b>279,067</b>
Bank interest	<b>6,935</b>
<b>Total for the period</b>	<b>286,002</b>

**6. Management fees**

Management fees are the fees payable under the Fund's Constitution to the Responsible Entity for the management of the Fund.

In accordance with the Fund's PDS, the Responsible Entity is entitled to a fee of 0.95% per annum of the Fund's Net Assets Value (before fees), which includes the fees payable to the Responsible Entity and the Investment Manager.

The following fees were incurred by the Fund during the period ended 30 June 2022:

- Total management fees for the period ended 30 June 2022: \$91,016.
- Management fees payable as at 30 June 2022: \$14,390.

**7. Cash and cash equivalents**

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

	<b>30 June 2022</b>
	<b>\$</b>
<b>Cash at bank</b>	<b>7,847,667</b>

## OAM Select Income Fund

### Notes to the Financial Statements

#### 7. Cash and cash equivalents (continued)

- (b) Reconciliation of Net gain attributable to unitholders before finance costs for the period to net cash flows provided by operating activities:

	4 January 2021 to 30 June 2022 \$
<b>Net gain attributable to unitholders before finance costs</b>	<b>463,211</b>
Loan investments acquired	(13,184,000)
Receipt from loan repayments	1,600,000
<b>Change in assets and liabilities:</b>	
Net changes in receivables	(37,802)
Net changes in payables	(3,808)
<b>Net cash used in operating activities</b>	<b>(11,162,399)</b>

#### 8. Financial assets

	30 June 2022 \$
Current	8,848,000
Non-current	2,736,000
<b>Balance as at 30 June 2022</b>	<b>11,584,000</b>

The financial assets of the Fund are from a diversified portfolio of loans secured by appropriate security property determined by the Investment Manager in its discretion based on the risk profile of the borrower.

All loans are secured by either:

- (a) a first ranking registered mortgage over real property and in certain circumstances, a First Loss Guarantee; or
- (b) a second ranking unregistered mortgage over real property and a First Loss Guarantee, as determined by the Investment Manager.

**OAM Select Income Fund****Notes to the Financial Statements****9. Trade and other payables**

The following table details the other liabilities by the Fund during the period:

	30 June 2022 \$
Trade creditors	6,380
Tax payable	20,333
Management fee payable	14,390
<b>Balance as at 30 June 2022</b>	<b>41,103</b>

**10. Net assets attributable to unitholders - liability**

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

Period ended 30 June 2022	No. of Units	\$
Opening balance	-	-
Applications for units	19,352,470	19,352,470
Net gain attributable to unitholders	-	463,211
Distributions paid	-	(463,211)
<b>Balance as at 30 June 2022</b>	<b>19,352,470</b>	<b>19,352,470</b>

The following table shows the net assets attributable to unitholders by class:

	30 June 2022	
	No. of Units	Amount (\$)
Class A	2,490,850	2,490,850
Class B	4,446,115	4,446,115
Class C	9,496,600	9,496,600
Class D	2,918,905	2,918,905
<b>Total</b>	<b>19,352,470</b>	<b>19,352,470</b>

**11. Capital management**

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 by investing in secured loans;
- to maintain sufficient liquidity to meet the investment terms of Unit Classes and the ongoing expenses of the Fund; and
- to maintain sufficient size to make the operation of the Fund cost-efficient.

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 as stated on the Fund's PDS.

There are 4 classes of Units in the Fund:

- (a) Class A Ordinary Units
- (b) Class B Ordinary Units
- (c) Class C Ordinary Units
- (d) Class D Ordinary Units

Each Class of Units has a different Investment Term as shown in the table below. Generally, investors must initially invest in Class A Units which are subject to an 18-month Investment Term, following which investors may withdraw their investment or, at the Investment Manager's discretion and subject to availability of Units in other Unit classes, switch to an investment in Class B, C or D Units with shorter Investment Terms. The Investment Manager may however, at its discretion and subject to availability, permit investors to initially invest in Class B, C or D Units without first having invested in Class A Units.

The Investment Term begins on the Dealing Day on which the application is accepted and runs for the Investment Term relevant to that Class.

<b>Unit Class</b>	<b>Investment Term</b>	<b>Notice Period (before end of investment term)</b>	<b>Withdrawal/Switch Request (within the month specified below)</b>
Class A	18 months	6 months	12th month
Class B	12 months	4 months	8th month
Class C	6 months	3 months	3rd month
Class D	3 months	1 months	2nd month

At the end of an Investment Term, an investment is automatically re-invested on the same terms as it was initially invested (it is automatically rolled over) unless a withdrawal request has been given to the Responsible Entity within the Withdrawal/Switch Request Window.

Accordingly, if the unitholder does not lodge a withdrawal request within the Withdrawal/Switch Request Window, the investment will be automatically rolled over in the same Class of Units and will not have another opportunity to withdraw until the expiration of the next Investment Term (and only if a withdrawal request given within the applicable Withdrawal/Switch Request Window for that new Investment Term).



**12. Related party transactions**

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

***(a) Transactions with the Responsible Entity and its associated entities***

The key management personnel of the Responsible Entity for the period from 7 January to 30 June 2022 are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

The key management personnel of the Former Responsible Entity from 4 January 2021 to 6 January 2022 are:

<b>Name</b>	<b>Title</b>
Thomas James Wallace	Director and Company Secretary
Paul Bray	Director
Otto Walter Rieth	Director

No fees or remuneration were paid directly to the key management personnel of the Responsible Entity and Former Responsible Entity from the Fund during the financial period ended 30 June 2022.

***(b) Transactions with the Investment Manager and its associated entities***

The key management personnel of the Investment Manager for the financial period ended 30 June 2022 are:

<b>Name</b>	<b>Title</b>
Luke Moore	Chief Executive Officer
Sven Joschke	Chief Financial Officer
Chuak Chan	Managing Director, Asset Management
Ali Kazemi	Head of Strategic Investments and Partnerships

No fees or remuneration were paid directly to the key management personnel of the Investment Manager from the Fund during the financial period ended 30 June 2022.

## **12. Related party transactions (continued)**

### ***(b) Transactions with the Investment Manager and its associated entities (continued)***

#### **Management fees**

In accordance with the Fund's PDS, the Responsible Entity is entitled to a fee of 0.95% per annum of the Fund's Net Assets Value (before fees), which includes the fees payable to the Responsible Entity and the Investment Manager.

All other fees paid to the third parties providing services to the Fund, such as custody, fund administration, registry and audit services, and all ordinary costs are paid out of the management fee.

The following management fees were incurred, paid or payable out of the Fund's assets to the Responsible Entity and Former Responsible Entity:

- Total management fees to Responsible Entity amounted to \$71,425
- Total management fees to Former Responsible Entity amounted to \$19,591
- Management fees payable as at 30 June 2022 is \$14,390

#### ***Other fees paid to related parties***

OMIFL is entitled to receive a fee for acting as the responsible entity and custodian for the Fund. Responsible entity and custody fees of \$37,074 were paid for the period ended 30 June 2022.

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 period ended 30 June 2022:

One Registry Services Pty Ltd, an entity associated with the Responsible Entity, provided registry services to the Fund for the period ended 30 June 2022. Registry fees of \$26,692 were paid for the period ended 30 June 2022.

Unity Fund Services Pty Ltd, an entity affiliated with the Responsible Entity and its wholly owned subsidiary Unity Tax Services Pty Ltd, provided fund administration and taxation services to the Fund for the period ended 30 June 2022. Fund administration fees of \$12,100 were paid for the period ended 30 June 2022, and \$6,380 was payable as of the end of the period.

None of the above has received any remuneration directly from the Fund in relation to these services and they are remunerated out of the Management Fee. To the extent there is a shortfall to these expenses, they will be paid by the Investment Manager.

#### **Financial assets - loans**

The Investment Manager sources potential borrowers from an extensive network of property groups (including related parties and associates of the Investment Manager) to meet the objectives of the Fund.

Loans amounting to \$11,584,000 were advanced to borrowers that are related parties and associates of the Investment Manager during the period ended 30 June 2022. These loans were for site and property investments in Australia and secured with first ranking registered mortgages over real property.

**13. Auditors' remuneration**

During the period, the following fees were paid or payable for services provided by the auditors of the Fund. These will be paid out of the management fee and will not be recharged to the Fund.

	<b>30 June 2022</b>
	<b>\$</b>
Audit services - ESV Business Advice and Accounting	<b>17,000</b>
Compliance plan audit - Ernst & Young	<b>15,000</b>
<b>Total</b>	<b>32,000</b>

**14. Commitments and contingencies**

There were no commitments or contingencies at 30 June 2022.

**15. COVID-19 and the Ukraine invasion**

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 2019. The World Health Organisation declared a global pandemic in March 2020 and as at the date of this Annual Report, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their trustees and managers, both directly and indirectly.

In February 2022 the Russian Federation invaded Ukraine. Due to this ongoing conflict there is an increased level of global uncertainty with increased market and economic volatility, which may in turn have an impact on the Fund.

As these situations are ongoing, the Investment Manager continues to monitor both the valuation of the Fund's assets and the Fund's liquidity. In these circumstances, there is uncertainty around valuations. The Investment Manager will continue to closely monitor market situations to ensure valuations remain appropriate. The Investment Manager will provide resources and updates where necessary to provide informed guidance for clients during this rapidly changing environment.

**16. Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial period ended 30 June 2022 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.

**Directors Declaration**

The directors of the Responsible Entity declare that:

- (a) In the directors' opinion, 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) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3(a) to the financial statements; and
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and giving a true and fair value 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 303(5) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle  
Director  
18 October 2022

## INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF OAM SELECT INCOME FUND

### Opinion

We have audited the financial report, being a general purpose financial report of OAM Select Income Fund (the 'Fund'), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and cash flow statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the financial report of OAM Select Income Fund is in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the financial position of the Fund for the year ended 30 June 2022 and of its performance for the period ended on that date; and
  - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

### 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* (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.

### Other Information

The directors of the responsible entity are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

## **INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF OAM SELECT INCOME FUND**

### **Responsibilities of the directors of the Responsible Entity for the financial report**

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

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to wind-up 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf) This description forms part of our auditor's report.

Dated at Sydney on the 18<sup>th</sup> of October 2022

ESV

### **ESV Business advice and accounting**



**Tim Valtwies**

**Partner**