Aura Core Income Fund

ARSN 658 462 652

Report for the financial year ended 30 June 2024

Index to the Financial Statements

Directors' Report

The directors of One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) (the "Responsible Entity"), the Responsible Entity of Aura Core Income Fund (ARSN 658 462 652) (the "Fund"), submit their report together with the financial statements for the Fund for the year ended 30 June 2024.

Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity, in office during the financial year ended 30 June 2024 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 2000.

Principal activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 31 March 2022 and registered as a managed investment scheme on 11 April 2022. Operations were commenced on 4 October 2022. The financial statements cover the financial year ended 30 June 2024.

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

The Fund's primary objective is to focus on preservation of capital as a first order of concern, followed by the provision of monthly cash income, and portfolio diversification by providing exposure to a portfolio of private debt assets.

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

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 financial year ended 30 June 2024 was $2,234,251 (2023: $380,973).

Distributions

In respect of the financial year ended 30 June 2024, distributions totalling $2,234,251 (2023: $380,973) were declared to be paid to unitholders of which $234,309 (2023: $145,301) was payable as at 30 June 2024.

Value of Assets and Units Issued

The total value of the Fund's assets at 30 June 2024 was $34,669,472 (2023: $26,220,138). The total number of units on issue as at 30 June 2024 was 34,369,581 (2023: 26,023,507).

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the financial year ended and as at 30 June 2024.

Directors' Report (continued)

Significant changes in state of affairs

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

Subsequent Events

There has been no matter or circumstances occurring subsequent to the end of the financial 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 financial periods.

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.

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 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.

Auditors independence declaration

The Fund has elected Crowe Sydney to be the financial report auditor. A copy of the Auditors 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

20 September 2024

Crowe Sydney
ABN 97 895 683 573
Level 24, 1 O'Connell Street
Sydney NSW 2000
Main +61 (02) 9262 2155
Fax +61 (02) 9262 2190
www.crowe.com.au

Auditor's Independence Declaration Under Section 307c of the *Corporations Act 2001* to the Directors of One Managed Investment Funds Limited

As lead engagement partner for the audit of Aura Core Income Fund, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been:

(i) no contraventions of the auditor 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.

Yours sincerely,

Crowe Sydney

Crowe Sydney

Alison Swansborough
Partner

20 September 2024
Sydney

Directors' Declaration

In the opinion of the directors of One Managed Investment Funds Limited, the Responsible Entity of Aura Core Income 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

20 September 2024

Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2024

	Note	**1 July 2023 to 30 June 2024 $**	4 October 2022 to 30 June 2023 $
Revenue			
Interest income	5	**2,423,013**	411,312
Distribution income		**17,104**	8,926
Other income	12(b)	**197,665**	133,302
Total revenue		**2,637,782**	553,540
Expenses			
Management fees	12(b)	**206,431**	31,358
Formation and establishment fees		**-**	4,052
Other expenses		**195,649**	136,882
Net loss on financial assets held at fair value through profit or loss		**1,451**	275
Total expenses		**403,531**	172,567
Profit for the financial year/period	10	**2,234,251**	380,973
Other comprehensive income for the financial year/period		**-**	-
Total comprehensive income for the financial year/period		**2,234,251**	380,973

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 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
Assets			
Cash and cash equivalents	6(a)	**4,227,813**	2,897,718
Interest receivable		**198,817**	152,612
Distribution receivable		**2,539**	1,180
GST receivable		**5,782**	2,227
Prepayments		**10,133**	-
Investment manager expenses reimbursement	12(b)	**15,400**	23,676
Financial assets	7	**30,208,988**	23,142,725
Total assets		**34,669,472**	26,220,138
Liabilities			
Distributions payable		**234,309**	145,301
Trade and other payables	9	**65,582**	51,330
Total liabilities		**299,891**	196,631
Net assets attributable to unitholders - equity	10	**34,369,581**	26,023,507

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

Statement of Changes in Equity for the year ended 30 June 2024

	Note	1 July 2023 to 30 June 2024 $	4 October 2022 to 30 June 2023 $
Total equity at the beginning of the financial year/period		**26,023,507**	-
Comprehensive income for the financial year/period			
Profit for the financial year/period		**2,234,251**	380,973
Total comprehensive income for the financial year/period		**2,234,251**	380,973
Transactions with unitholders			
Applications for units by unitholders		**9,217,411**	25,992,018
Units issued upon reinvestment of distribution		**1,639,671**	106,489
Redemptions of units by unitholders		**(2,511,008)**	(75,000)
Distributions paid and payable		**(2,234,251)**	(380,973)
Total transactions with unitholders		**6,111,823**	25,642,534
Total equity at the end of the financial year/period	**10**	**34,369,581**	26,023,507

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

Statement of Cash Flows for the year ended 30 June 2024

	Note	1 July 2023 to 30 June 2024 $	4 October 2022 to 30 June 2023 $
Cash flows from operating activities			
Interest received		**2,376,807**	258,700
Distributions received		**15,745**	7,746
Other income received		**204,649**	109,626
Payments to suppliers		**(153,437)**	(123,189)
Payment for financial instruments at amortised cost		**(8,414,500)**	(23,143,000)
Proceeds from financial instruments at amortised cost		**1,100,000**	-
Net cash used in operating activities	6(b)	**(4,870,736)**	(22,890,117)
Cash flows from financing activities			
Proceeds from issue of units		**9,217,411**	25,992,018
Payment for redemptions by unitholders		**(2,511,008)**	(75,000)
Distributions paid to unitholders		**(505,572)**	(129,183)
Net cash provided by financing activities		**6,200,831**	25,787,835
Net increase in cash and cash equivalents		**1,330,095**	2,897,718
Cash and cash equivalents at the beginning of the year/period		**2,897,718**	-
Cash and cash equivalents at the end of the financial year/period	6(a)	**4,227,813**	2,897,718
Non-cash financing activities	6(c)	**1,639,671**	106,489

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

1. General information

These financial statements cover Aura Core Income Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme. The Fund was constituted on 31 March 2022 and registered as a managed investment scheme on 11 April 2022. Operations were commenced on 4 October 2022. The financial statements cover the financial year ended 30 June 2024.

The Responsible Entity of the Fund is One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) (the "Responsible Entity"). The Responsible Entity's registered office is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney, 2000.

The principal activity of the Fund during the financial year ended 30 June 2024 was to invest in accordance with the provisions of the Fund's Constitution and its Product Disclosure Statement ("PDS").

The investment manager for the Fund is Aura Credit Holdings Pty Ltd (ACN 656 261 200) (the "Investment Manager"). The Investment Manager has entered into a Distribution Partner Agreement with Montgomery Investment Management Pty Ltd (ACN 139 161 701) to distribute the Fund to its client base. Montgomery Investment Management Pty Ltd may receive a share of the fees paid to the Investment Manager as well as potential equity in the Investment Manager once funds under management hurdles are met.

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 30 June 2024.

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

3. Material accounting policy information

The Fund has adopted the following Australian Accounting Standards for the reporting period beginning 1 July 2023.

(i) AASB 2021-2 Amendments to Australia Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 134 & AASB Practice Statement 2].

AASB 2021-2 become effective for annual reporting periods beginning on or after 1 January 2023. The amendments require the disclosure of material accounting policies rather than significant accounting policies and clarify the distinction between accounting policies and accounting estimates. The amendments do not result in any changes to the accounting policies.

There are no other new accounting standards, amendments and interpretations that are effective for the first time for the reporting period beginning 1 July 2023 and have a material impact on the financial statements of the Fund.

3. Material accounting policy information (continued)

(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 material 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.

(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 covering the year ended 30 June 2024.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets.

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

(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.

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.

(e) Cash and cash equivalents

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.

(f) 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.

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

Classification and measurement of financial assets

The classification of financial assets under AASB 9 Financial Instruments (AASB 9) is generally based on the business model under which the assets are managed and the contractual cash flow characteristics. The financial assets shall be measured at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
b. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Securitisation warehouse notes

The Fund invest into a diversified pool of Australian private debt investments through securitisation warehouse facilities. The facilities are structured with at least two parties, being the lender and the Fund. The business model of the facilities is to hold each of the loans to maturity, collect the principal and the interest on the principal outstanding. The interest and the principal outstanding are then distributed to the Fund based on the agreed upon Distribution Waterfall for each of the facilities. As such, the assets meet the above criteria, and are therefore measured at amortised cost less impairment.

Contributory mortgage schemes

In addition, the Fund also invests into a contributory mortgage scheme, comprises of loans secured by registered property mortgages. An independent valuation of each security is obtained at the inception of the loan.

For each of the loans, the Fund intends to hold the assets to maturity and collect the interest and principal payments. Consistent with the above, the assets are also measured at amortised cost less impairment.

Impairment Provisioning

For impairment provisioning purposes, the Fund engages a reputable external party to calculate the Expected Credit Loss (ECL) model for the Fund, with overlay of the internally performed impairment testing.

Expected Credit Loss (ECL)

The portfolio ECL value is a probability-weighted figure to determine the likelihood that the Fund loses capital on its investment. The model is run at each month end, based on the current principal value of loans less any write-offs. Simulations are run to stress test the portfolio and model portfolio losses across a range of economic scenarios. To perform these simulations, a product effective interest rate is utilised. A discount rate is set for each product within the portfolio based on hurdle rates, average returns or other key metrics.

At each reporting date, once the Fund's ECL has been calculated, the manager assesses whether the ECL for each underlying originator is sufficiently covered by subordination in the funding vehicle. For the securitisation warehouse exposures, the manager ensures that there is sufficient subordinated notes and reserves to cover any expected losses in the loan book. If this is not satisfied the manager will request that the originator top up their first loss piece in the warehouse or that any other subordinated note holdings are increased.

For the contributory mortgage scheme, each loan is secured by property and has a maximum LVR of 75% providing a strong loss buffer. If the manager sees a material increase in ECL for the originator and determines that there is an actual risk of default, the security value will be reassessed. In this case the manager will consider whether provisioning is appropriate to cover potential losses.

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

The Fund assesses credit risk through running the ECL model each month and will restructure the vehicle if the manager determines there has been a meaningful increase to the ECL of an originator. The ECL model relies on historical performance of a facility where the data history is statistically significant. Where there is insufficient historical data of a loan book the calculations will utilise market data and trends from comparable loan products. This historical data is integrated with current performance of the loan, for example if a loan is currently in arrears, it will have a significantly higher probability of default regardless of past performance.

The ECL model runs a comprehensive range of simulations to stress test each originator’s loan book. This generates multiple ECL results factoring in extreme tail risk (e.g. 1 in 10-year economic events, 1 in 100-year economic events) that are weighted to determine a long run ECL result.

Reviews of the ECL model and assumptions are conducted monthly to ensure that any structural changes to the portfolio are incorporated in the modelling simulations. The macroeconomic conditions at the current time are also factored in to influence ECL outcomes.

Underlying Originator

The model assesses the loan level default risk of each underlying originator in the portfolio. An originator’s loan book is segmented into risk pools based on product, arrears, collateral and other drivers. The credit quality of each segment is assessed, and stress tested to calculate a long run Probability of Default (PD). The model integrates over 50 years of bank lending data with historical performance of the originator’s loan book to determine the Loss Given Default (LGD) of each segment. The PD, LGD and Exposure at Default (EAD) for each segment is then multiplied to calculate the ECL of the originator’s loan book.

Funding Vehicle

In addition, the ECL model factors in any credit protection that the fund benefits from as a result of the structure of the funding vehicle. Subordinated notes and reserves in a funding vehicle will provide credit support to the Fund’s investment. This requires a minimum loss amount in the originator’s loan book to be satisfied before any of the Fund’s capital is impacted. Additionally, financial covenants and portfolio parameters such as maximum arrears and loss rate levels are accounted for. These limit the downside risk for each applicable vehicle as, when breached in a model simulation, they cause an amortisation event in the portfolio.

The model then combines forward-looking risk estimate models to derive expected loss under a range of economic scenarios, incorporating the underlying Probability of Default (PD), EAD and LGD models. Treatment of each loan type as per AASB terminology is noted below.

Stage 1 - For performing loans, the model utilises PD, EAD and LGD estimates derived from simulations over a 1 year horizon. These outputs are dependent on historical performance of the facility as well as credit worthiness of the underlying borrower. The loans are classified as performing where there has been no significant increase in credit risk since settlement.

Stage 2 - Considered as loans in arrears greater than 30 days. These loans cause a significant increase to the PD and model simulations are run for the remaining duration of the facility.

Stage 3 - Loans in arrears greater than 90 days. ECL is driven by the estimated cure rate for that specific loan product as well as the probability that the creditor sells its collateral to avoid a loss. Stage 3 loan model simulations are also run for the remaining duration of the facility.

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

PD is calculated as the probability of a facility defaulting in the future, which is assumed when it reaches 90 days in arrears. The PD calculation is produced via four stages:

1. Financial, Behavioural and Demographic data: Derived from the pool cut from the originator.
2. Credit Rating: Derived from external ratings, originator internal ratings or other intuitive drivers.
3. Long Run PD: Cycle-average PDs estimated for each credit rating by using historical performance data of the pool or benchmark estimates from comparable lenders.
4. Economic Data: Cycle dependent or 'Point-in-Time' PD estimate for each credit rating modelled in line with the Basel framework.

In considering LGD, a loss is calculated on a defaulted facility if the loan is liquidated, and the creditor restructures the loan at a loss. Collateral sale data, probability of curing a facility and likelihood of refinancing the debt is derived from market information to arrive at the LGD figure for a facility.

Arrears Impairment Testing

In addition to the ECL model, the investment manager performs a more conservative approach. On a forward-looking basis, it assumes that all loans greater than 30-day arrears will become losses within the loan book. The arrears levels are then compared with the credit enhancement available in the funding structure. When the arrears levels are greater than the credit enhancement, then the provision for impairment is recognised.

Financial assets measured at fair value through profit or loss (FVPL)
Certain financial assets are measured at fair value through profit or loss. This includes the Fund's investments through units in other funds.

Subsequent changes in the fair value of those financial assets are recorded in net gain or loss on financial assets measured at FVPL in the statement of profit or loss and other comprehensive income. Interest and distributions earned on these instruments are recorded separately in interest income or distribution income in the statement of profit or loss and other comprehensive income.

Fair value measurement

The Fund measures its investments in units of trusts at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Investments in unit trusts held at fair value are measured at the net asset value per unit as reported by the manager/trustee of the unit trust.

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) and deems transfers to have occurred at the beginning of each reporting period.

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

Derecognition

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a pass-through arrangement, and
- either (a) the Fund has transferred substantially all risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the rewards of the asset, but has transferred control of the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(g) Distributions

Distributions are payable as set out in the Fund's PDS. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Fund.

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.

(h) Critical accounting estimates and judgements

(a) Critical accounting estimates and assumptions

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.

The Fund makes accounting estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Effective interest rates adjustments

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period.

3. Material accounting policy information (continued)

(h) Critical accounting estimates and judgements (continued)

Provisioning

For impairment provisioning the Fund uses Expected Credit Loss (ECL) model to determine the provision requirements for financial assets at amortised cost. The model, which was independently developed, is based on multiple scenarios at the time of assessment, uses characteristics (such as arrears ageing and borrower credit history), and current and future economic variables (such as unemployment rates, lending indicators and property prices) to determine a collective provision for investments that are not specifically impaired. The financial model methodology involves estimating the likelihood that shortfalls will occur (including "probability of default" and "exposure at default" as defined by the AASB) and the projected amount of the shortfalls ("loss given default" as defined by the AASB). Each scenario is the probability weighted in terms of likelihood of outcome as determined by Management.

The AASB terms represent the following:

• Probability of default - the likelihood that the underlying borrower will default resulting in recovery action
taken by the Fund.
• Exposure at default - an estimate of the future balance at a future default date, taking into account expected changes in the current investment balance, such as redraws, interest charges and further advances after balance date.
• Loss given default - an estimate of the shortfall arising where a default occurs at a given time.

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

The ECL model for provisioning is dependent upon historic loss experience (which may have occurred in a different economic environment), as of the reporting date the evaluation on credit risk and expected credit loss on the financial asset are minimal therefore no impairment is required as 30 June 2024.

(i) Net assets attributable to unitholders

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.

4. Financial risk management objectives and policies

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

4. Financial risk management objectives and policies (continued)

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS and Constitution.

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

(a) Credit risk

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

Credit risk of the Fund is managed primarily by:

- Proactive management of the Fund's Authorised Investments, to minimise loss of income and principal; including but not limited to:

a. Warehouse financing structure

Whereby the capital is segregated in a remote bankruptcy trust, separated from the lender's corporate body. Distribution waterfall will dictate the order of capital return.

b. Credit enhancement

In most instances, the lender in the warehouse financing structure provides first loss piece below the Fund's capital stack. For the Fund to suffer a loss within the warehouse, the entire portfolio would need to suffer a loss greater than the Net interest Margin, plus any fees charged by the lender and the equity injected by the lender.

c. Stop Funding trigger

The transaction documents for each of the warehouse facilities, as agreed between the Fund and the lender, outline Stop Funding events, which are generally related to target arrears and default rates. Should the stop funding events be triggered, and no waiver has been received from the Fund, the Fund will stop funding and force the loan portfolio to amortise out.

d. Loan security

The security backing a loan is dependent on the loan type, which includes but is not limited to 1st or 2nd mortgages over the borrower's property, general security agreements directors' guarantees. Specifically for the contributory mortgage scheme, the fund takes security over 1st mortgages up to an Loan to Value Ratio (LVR) of 66.67% and 2nd mortgages up to an LVR of 75%. LVR calculations are based on the assessed value of the collateral at the time of borrowing and generally are not updated except when a loan is assessed as impaired, and a loss event is likely. The Fund is exposed to risks in the reduction of the loan to value (LVR) cover should the property market be subject to a decline. The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken.

- Cash allocations of the Fund are placed exclusively with Australian banks regulated by APRA.

The Fund also calculates impairment provisioning as outlined in Note 3(f).

4. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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

(b) Market risk

The investment return on a particular asset is typically correlated to the return on other assets from the same market, asset class or geographic location. Market risk is impacted by broad factors such as political changes, investor sentiment, legislation, taxation law, and economic environment, technology and significant external events (e.g., natural disasters). Industry specific shocks relevant to underlying loan assets and general market disruption can adversely impact the value of the Fund's assets.

The state of the market is actively monitored by the Investment Manager to understand what possible changes in investment strategy are required to minimise its effect on the Fund.

(c) Price risk

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

(d) 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 other cash and cash like investments. 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.

4. Financial risk management objectives and policies (continued)

(d) Interest rate risk (continued)

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

	Floating interest rate $	Fixed interest rate $	Non- interest bearing $	Total $
30 June 2024				
Assets				
Cash and cash equivalents	4,227,813	-	-	4,227,813
Interest receivable	-	-	198,817	198,817
Distribution receivable	-	-	2,539	2,539
Prepayments	-	-	10,133	10,133
GST receivable	-	-	5,782	5,782
Financial assets held at amortised cost	1,000,000	28,817,714	-	29,817,714
Financial assets held at fair value through profit or loss	-	-	391,274	391,274
Investment manager expense reimbursement	-	-	15,400	15,400
Total assets	5,227,813	28,817,714	623,945	34,669,472
Liabilities				
Distributions payable	-	-	234,309	234,309
Trade and other payables	-	-	65,582	65,582
Total liabilities	-	-	299,891	299,891
Net exposure	5,227,813	28,817,714	324,054	34,369,581

4. Financial risk management objectives and policies (continued)

(d) Interest rate risk (continued)

	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
30 June 2023				
Assets				
Cash and cash equivalents	2,897,718	-	-	2,897,718
Interest receivable	-	-	152,612	152,612
Distribution receivable	-	-	1,180	1,180
GST receivable	-	-	2,227	2,227
Financial assets held at amortised cost	1,000,000	21,750,000	-	22,750,000
Financial assets held at fair value through profit or loss	-	-	392,725	392,725
Investment manager expense reimbursement	-	-	23,676	23,676
Total assets	3,897,718	21,750,000	572,420	26,220,138
Liabilities				
Distributions payable	-	-	145,301	145,301
Trade and other payables	-	-	51,330	51,330
Total liabilities	-	-	196,631	196,631
Net exposure	3,897,718	21,750,000	375,789	26,023,507

4. Financial risk management objectives and policies (continued)

(d) Interest rate risk (continued)

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. The 100 basis point sensitivity is based on a reasonable volatility of change in the AUD cash interest rate over the coming year. However, actual movements in the risk variables may be greater or less than anticipated. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Interest rate risk Impact on operating profit/Net assets attributable to unitholders	
	+100bps	**-100bps**
	$	**$**
30 June 2024	**52,278**	**(52,278)**

	Interest rate risk Impact on operating profit/Net assets attributable to unitholders	
	+100bps	-100bps
	$	$
30 June 2023	38,977	(38,977)

(e) 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 Investment Manager monitors the Fund's exposure to liquidity risk by ensuring that as required there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2024 to the contractual maturity date. However, the directors of the Responsible Entity do not envisage that information to be 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.

4. Financial risk management objectives and policies (continued)

(e) Liquidity risk (continued)

30 June 2024	**3 months or less $**	**4 to 12 months $**	**1 to 5 years $**	**over 5 years $**	**Total $**
Distributions payable	**234,309**	**-**	**-**	**-**	**234,309**
Payables	**65,582**	**-**	**-**	**-**	**65,582**
Contractual cash flows	**299,891**	**-**	**-**	**-**	**299,891**

30 June 2023	3 months or less $	4 to 12 months $	1 to 5 years $	over 5 years $	Total $
Distributions payable	145,301	-	-	-	145,301
Payables	51,330	-	-	-	51,330
Contractual cash flows	196,631	-	-	-	196,631

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

5. Interest income

The following table provides information about the interest income generated from different sources during the financial year ended 30 June 2024.

	1 July 2023 to 30 June 2024 $	4 October 2022 to 30 June 2023 $
Interest from banks	**181,018**	12,294
Interest from financial assets held at amortised cost	**2,241,995**	399,018
Total for the financial year/period	**2,423,013**	411,312

6. Cash and cash equivalents

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

	30 June 2024	30 June 2023
	$	$
Cash at bank	**4,227,813**	2,897,718
Balance end of financial year/period	**4,227,813**	2,897,718

(b) Reconciliation of profit for the financial period to net cash flows used in operating activities:

	1 July 2023 to 30 June 2024	4 October 2022 to 30 June 2023
	$	$
Profit for the financial year/period	**2,234,251**	380,973
Net losses on financial assets held at fair value through profit or loss	**1,451**	-
Changes in assets and liabilities:		
Net changes in current assets	**(52,976)**	(179,695)
Net changes in trade and other payables	**14,252**	51,330
Net changes in financial assets	**(7,067,714)**	(23,142,725)
Net cash used in operating activities	**(4,870,736)**	(22,890,117)

(c) During the financial year, there have been units issued amounting to $1,639,671 (2023: $106,489) through reinvestments of distribution paid. These transactions are non-cash financing activities.

7. Financial assets

	30 June 2024 $	30 June 2023 $
At amortised cost		
Notes issued by securitisation warehouse facility	**23,150,000**	22,750,000
Investment in contributory mortgage scheme	**6,667,714**	-
	29,817,714	22,750,000
At fair value through profit or loss		
Units issued by unit trusts	**391,274**	392,725
	391,274	392,725
Balance end of financial year/period	**30,208,988**	23,142,725

Investment in contributory mortgage scheme

Contributory mortgage scheme comprise the total investment and effective interest rate adjustments as follows.

	30 June 2024 $	30 June 2023 $
Investment in contributory mortgage scheme	**6,914,500**	-
Effective interest adjustments	**(246,786)**	-
Balance end of financial year/period	**6,667,714**	-

Interest received in advance from investment in contributory mortgage scheme recognised over the estimated effective life span of contributory mortgage scheme.

ECL has been assessed as immaterial and therefore not recognised in the Financial Statements of the Fund at 30 June 2024.

8. 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 30 June 2024 recorded at fair value and presented by level of the fair value hierarchy:

8. Fair value measurement (continued)

30 June 2024	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets designated at fair value through profit or loss:				
Units in unlisted unit trusts	**-**	**391,274**	**-**	**391,274**
Total	**-**	**391,274**	**-**	**391,274**

30 June 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets designated at fair value through profit or loss:				
Units in unlisted unit trusts	-	392,725	-	392,725
Total	-	392,725	-	392,725

Transfers between levels

There have been no transfers between levels for the financial year ended 30 June 2024.

Disclosed fair values

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

9. Trade and other payables

	30 June 2024 $	30 June 2023 $
Investment Manager fees	**19,793**	19,085
Audit fees	**18,288**	13,062
Administration and accounting fees	**6,519**	6,150
Responsible Entity fees	**7,754**	3,658
Registry fees	**3,323**	3,135
Custody fees	**3,259**	1,537
Tax services fees	**6,646**	4,703
Balance end of financial year/period	**65,582**	51,330

10. Net assets attributable to unitholders

Period from 1 July 2023 to 30 June 2024	**No. of Units**	**$**
Opening balance	**26,023,507**	**26,023,507**
Applications for units by unitholders	**9,217,411**	**9,217,411**
Redemptions of units	**(2,511,008)**	**(2,511,008)**
Units issued upon reinvestment of distributions	**1,639,671**	**1,639,671**
Distributions paid to unitholders	**-**	**(2,234,251)**
Profit for the financial year	**-**	**2,234,251**
Balance as at 30 June 2024	**34,369,581**	**34,369,581**

Period from 4 October 2022 to 30 June 2023	No. of Units	$
Applications for units by unitholders	25,992,018	25,992,018
Redemptions of units	(75,000)	(75,000)
Units issued upon reinvestment of distributions	106,489	106,489
Distributions paid to unitholders	-	(380,973)
Profit for the financial period	-	380,973
Balance as at 30 June 2023	26,023,507	26,023,507

11. 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.

12. 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

The key management personnel of the Responsible Entity, during the financial year ended 30 June 2024 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 financial year and as at 30 June 2024.

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

No fees or remuneration were paid directly to the key management personnel from the Fund during the financial year ended 30 June 2024.

(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 financial year ended 30 June 2024:

	30 June 2024	30 June 2023
	$	$
Responsible Entity fees for the financial year/period	**46,523**	32,550
Responsible Entity fees payable	**7,754**	3,658
Custody fees for the financial year/period	**19,557**	13,639
Custody fees payable	**3,259**	1,537

12. 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 financial year ended 30 June 2024:

	30 June 2024 $	30 June 2023 $
Investment Manager fees for the financial year/period	**206,431**	31,358
Investment Manager fees payable	**19,793**	19,085
Investment Manager contributions for expenses recovery for the financial year/period	**197,665**	133,302
Investment Manager contributions receivable	**15,400**	23,676

The Fund's management costs are limited to a fixed rate of 0.69% annually of the Fund's gross portfolio value as of the last day of the month, which includes Investment Manager fees, Responsible Entity fees, Custody fees, and all other direct and indirect costs. The Investment Manager, therefore, charges a fixed fee to the Fund and recovers all other monthly costs that the Fund is obligated to pay.

Management fees are payable out of the assets of the Fund within 10 days of the end of each month.

(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 30 June 2024:

- One Registry Services Pty Limited (ACN 141 757 360) - unit registry services
- Unity Fund Services Pty Ltd (ACN 146 747 122) - fund administration and tax services

The transactions during the financial year and amounts payable as at 30 June 2024 between the Fund and these related party service providers were as follows:

	30 June 2024 $	30 June 2023 $
Registry fees for the financial year/period	**26,892**	15,977
Registry fees payable	**3,323**	3,135
Administration and tax service fees for the financial year/period	**47,328**	32,378
Administration and tax service fees payable	**13,165**	10,853

12. Related party transactions (continued)

(d) Investment in unlisted managed investment scheme

The Fund has an investment in Aura Term Deposit Fund ("ATDF"). Aura Capital Pty Ltd ("Trustee") is the Trustee of ATDF and is a subsidiary of the Aura Group. The Investment Manager of the Fund is an associate of the Aura Group.

The transactions during the financial year ended 30 June 2024 between the Fund and ATDF are as disclosed in notes 7 and 8.

(e) Other key management personnel

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

Name	**Title**
Eric King Wai Chan	Director
Kar Wing Ng	Director
Brett Anthony Craig	Director

Montgomery Investment Management Pty Ltd (ACN 139 161 701) (AFSL 354 564) was appointed by the Investment Manager to help promote the Fund to investors as authorised distributor of the Fund. Montgomery is entitled to earn distribution fees paid by the Investment Manager and, subject to certain conditions being met, may be issued equity in the Investment Manager or entities associated with the Investment Manager.

Key management personnel of the Investment Manager and their associated entities did not hold any units in the Fund during the financial year ended 30 June 2024.

(f) Other key management compensation

Key management personnel of the Investment Manager have not been compensated out of the Fund for the financial year ended 30 June 2024.

13. Auditor's remuneration

The Fund has elected Crowe Sydney to be the financial report auditor and Ernst & Young to be the compliance plan auditor. During the year, the following fee was paid or payable for services provided by the auditors for the Fund.

	30 June 2024	30 June 2023
	$	$
Crowe Sydney		
Auditing of the financial report	**19,950**	13,062
Ernst & Young		
Audit of compliance plan	**5,225**	-

The remuneration of auditors was borne by the Fund in accordance with the Fund’s Constitution and recovered from the Investment Manager.

14. Commitments and contingencies

There were no commitments or contingencies at 30 June 2024.

15. Subsequent events

There has been no matter or circumstance occurring subsequent to the end of the financial year ended 30 June 2024 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.

Crowe Sydney
ABN 97 895 683 573
Level 24, 1 O'Connell Street
Sydney NSW 2000
Main +61 (02) 9262 2155
Fax +61 (02) 9262 2190
www.crowe.com.au

Independent Auditor's Report to the Unitholders of Aura Core Income Fund

Opinion

We have audited the financial report of Aura Core Income Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2024, the statement of profit or 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 material accounting policy information, 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 30 June 2024 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 & 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.

Responsibilities of the Directors for the Financial Report

The directors of One Managed Investment Funds Limited as the Responsible Entity of the Fund 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 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Crowe Sydney

Crowe Sydney

Alison Swansborough
Partner

20 September 2024
Sydney