

Aussie TEP Fund

ABN 94 231 148 122

Financial report for the year ended 30 June 2024

Aussie TEP Fund

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Directors' Report

The directors of One AR Pty Ltd (ABN 18 602 601 776) (the "Trustee"), the trustee of Aussie TEP Fund, present the financial report of Aussie TEP Fund (the "Fund") for the year ended 30 June 2024.

Principal Activities

The Fund is an unregistered managed investment scheme, incorporated and domiciled in Australia.

The principal activity of the Fund is to invest in a portfolio of life policies which have asset values and fixed maturity dates. These are known as traded endowment policies ("TEPs").

The Fund did not have any employees during the year.

Information about the Directors of the Trustee

The following persons held office as directors of the Trustee during the year ended 30 June 2024 and up to the date of this report:

| Name | Title |
|--------------------|------------------------------------------|
| Frank Tearle | Executive Director and Company Secretary |
| Michael Sutherland | Executive Director |

Value of Assets and Units Issued

The total value of the Fund's assets as at 30 June 2024 was \$11,345,310 (2023: \$9,890,483). The total number of units on issue as at 30 June 2024 was 10,111,223 (2023: 8,946,539).

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 report. The profit attributable to unitholders for year ended 30 June 2024 was \$154,488 (2023: \$410,073)

Fees Paid To and Interests Held in the Fund by the Trustee or its Associates

Fees charged by the Trustee and its associates during the year are disclosed in Note 13 of the financial report.

Subsequent Events

There has been no matter or circumstance occurring subsequent to the 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.

Likely Developments

The Fund will continue to be managed in accordance with the Trust's Constitution and investment objectives as detailed in the Information Memorandum.

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.

Directors' Report (continued)

Indemnification of Directors, Officers and Auditors

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Trustee or auditor of the Fund or any related corporate body against a liability incurred by an officer of the Trustee 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 Trustee or auditor of the Fund.

On behalf of the directors of the Trustee, One AR Pty Ltd.

A handwritten signature in blue ink, appearing to read 'Frank Tearle'.

Frank Tearle
Director

Sydney
16 January 2025

Statement of Profit or Loss and Other Comprehensive Income

| | Notes | Year ended 30 June 2024 \$ | Year ended 30 June 2023 \$ |
|-------------------------------------------------------------------------------|-------|----------------------------------|----------------------------------|
| Income | | | |
| Interest income | | 22,974 | 4,156 |
| Fair value gain on financial assets held at fair value through profit or loss | 7 | 390,511 | 629,521 |
| Gain on disposal of financial assets | 7 | 49,762 | 41,001 |
| Total income | | 463,247 | 674,678 |
| Expenses | | | |
| Administration expenses | 4 | 238,345 | 235,221 |
| Amortisation of formation costs | 6 | 13,366 | 13,366 |
| Actuarial fees | | 13,272 | 12,540 |
| Professional fees | | 41,702 | 2,323 |
| Advertising expenses | | 2,061 | 1,140 |
| Bank fees | | 13 | 15 |
| Total expenses | | 308,759 | 264,605 |
| Net income attributable to unitholders | | 154,488 | 410,073 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year attributable to unitholders | | 154,488 | 410,073 |

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

Statement of Financial Position

| | Notes | As at 30 June 2024 \$ | As at 30 June 2023 \$ |
|------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 10(a) | 974,263 | 205,300 |
| Financial assets at fair value through profit or loss | 7 | 1,138,503 | 394,545 |
| Other current assets | | 50,880 | 3,135 |
| Total current assets | | 2,163,646 | 602,980 |
| Non-current assets | | | |
| Capitalised formation costs | 6 | 1,114 | 14,480 |
| Financial assets held at fair value through profit or loss | 7 | 9,180,550 | 9,273,023 |
| Total non-current assets | | 9,181,664 | 9,287,503 |
| Total assets | | 11,345,310 | 9,890,483 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | 86,626 | 70,120 |
| Total current liabilities | | 86,626 | 70,120 |
| Total liabilities | | 86,626 | 70,120 |
| Net assets | | 11,258,684 | 9,820,363 |
| Equity | | | |
| Contributed equity | 9 | 10,260,353 | 8,976,520 |
| Accumulated income | | 998,331 | 843,843 |
| Total equity | | 11,258,684 | 9,820,363 |

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

Statement of Changes in Equity

| | | Contributed Equity \$ | Accumulated gains/(losses) \$ | Total equity \$ |
|-------|-----------------------------------------|-----------------------------|-------------------------------------|--------------------|
| Notes | | | | |
| | Balance as at 1 July 2023 | 8,976,520 | 843,843 | 9,820,363 |
| | Income for the year | - | 154,488 | 154,488 |
| | Other comprehensive income for the year | - | - | - |
| | Total comprehensive income for the year | - | 154,488 | 154,488 |
| | Applications | 9 1,560,000 | - | 1,560,000 |
| | Redemptions | 9 (276,167) | - | (276,167) |
| | Balance as at 30 June 2024 | 10,260,353 | 998,331 | 11,258,684 |

| | | Contributed Equity \$ | Accumulated gains/(losses) \$ | Total equity \$ |
|-------|-----------------------------------------|-----------------------------|-------------------------------------|--------------------|
| Notes | | | | |
| | Balance as at 1 July 2022 | 8,334,924 | 433,770 | 8,768,694 |
| | Income for the year | - | 410,073 | 410,073 |
| | Other comprehensive income for the year | - | - | - |
| | Total comprehensive income for the year | - | 410,073 | 410,073 |
| | Applications | 9 641,596 | - | 641,596 |
| | Redemptions | 9 - | - | - |
| | Balance as at 30 June 2023 | 8,976,520 | 843,843 | 9,820,363 |

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

Statement of Cash Flows

| | | Year ended 30 June 2024 | Year ended 30 June 2023 |
|-------------------------------------------------------------|-------|----------------------------|----------------------------|
| | Notes | \$ | \$ |
| Cash flows from operating activities | | | |
| Interest and other income received | | 22,974 | 4,156 |
| Payments to suppliers and other expenses | | (280,736) | (203,861) |
| Net cash used in operating activities | 10(b) | (257,762) | (199,705) |
| Cash flows from investing activities | | | |
| Proceeds from disposal of TEPs | 7 | 246,433 | 276,948 |
| Purchases of TEPs | 7 | (451,197) | (1,044,791) |
| Premium payments | 7, 8 | (52,344) | (49,455) |
| Net cash used in investing activities | | (257,108) | (817,298) |
| Cash flows from financing activities | | | |
| Proceeds from applications for units | 9 | 1,560,000 | 641,596 |
| Payments for redemptions by unitholders | 9 | (276,167) | - |
| Net cash provided by financing activities | | 1,283,833 | 641,596 |
| Net increase/(decrease) in cash and cash equivalents | | 768,963 | (375,407) |
| Cash and cash equivalents at the beginning of the year | | 205,300 | 580,707 |
| Cash and cash equivalents at the end of the year | 10(a) | 974,263 | 205,300 |

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

Notes to the Financial Statements

1. General Information

This financial report covers the Aussie TEP Fund (the “Fund”). The Fund was established on 6 February 2019 with the first units being allotted to unitholders on 12 August 2019. It is an unregistered managed investment scheme which invests in a portfolio of life policies which have asset values and fixed maturity dates. These are known as traded endowment policies (“TEPs”).

The trustee of the Fund is One AR Pty Ltd (ACN 602 601 776) (the “Trustee”), an authorised representative (Authorised Representative No. 471702) of One Wholesale Fund Services Limited (ACN 159 624 585; AFSL 426503). The Trustee is also an authorised representative (Authorised Representative No. 1274689) of The Outlook Group Pty Ltd (ACN 105 079 696; AFSL 253119) (the “Supplier”), limited to its role as trustee of the Fund.

The Trustee’s registered office and principal place of business is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

The Trustee has appointed Aussie TEP Management Pty Ltd ACN 126 373 000 (the “Manager”) as the investment manager of the Fund. The Manager is an authorised representative (Authorised Representative No. 1269067) of the Supplier. The Supplier purchases TEPs, the assets of which are acquired by the Fund.

The financial statements were authorised for issue by the directors on the date the Trustee’s declaration was signed. The directors of the Trustee have the power to amend and reissue the financial report.

2. Adoption of New and Revised Accounting Standards

a) Adoption of new and revised accounting standards

The Fund has adopted all of the new or 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.

b) Standards and Interpretations in issue not yet adopted

Standards and Interpretations that are not expected to have a material impact on the Fund have not been included.

3. Significant Accounting Policies

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

a) Statement of Compliance

These general purpose financial statements of the Fund have been prepared in accordance with the requirements of the Corporations Act 2001 and with accounting standards issued by the Australian Accounting Standards Board (AASB) and interpretations issued by the AASB Interpretations Committee (AASB IC) applicable to entities reporting under AASB. The financial statements comply with Australian Accounting Standards - Simplified Disclosures as issued by the AASB.

b) Basis of Preparation

This general purpose financial report is presented in Australian dollars and has been prepared on an accruals and historical cost basis except for TEPs which are measured at fair value.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

c) Going Concern Basis

These financial statements have 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) Use of Judgments and Estimates

The Fund makes assumptions and judgements that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund has appointed an actuary, Actuaries in Super Pty Ltd ("AiS"), to verify the acquisition cost of the TEPs by the Fund. AiS also reviews the value of the TEPs on a monthly basis.

e) Revenue and Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the amount can be reliably measured.

Changes in fair value of TEPs are recorded in accordance with the policies described in Note 3(h).

Interest income is recognised as the interest accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All income is stated net of goods and services tax ("GST").

f) Expenses

All expenses are recognised in the statement of income or loss and other comprehensive income on an accruals basis.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

h) Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets

(a) Recognition and initial measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (i) the asset is held within a business model, the objective of which is to hold assets in order to collect contractual cash flows.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

h) Financial Instruments (continued)

- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value unless it is measured at amortised cost.

(b) Subsequent measurement

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, gain exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or distribution income, are recognised in profit or loss.

(c) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity.

Financial liabilities

(a) Classification and measurement

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(b) Derecognition

A financial liability is removed from the Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

The Fund's investments are classified as at fair value through profit or loss.

i) Taxation

Under 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.

The Fund has been granted a Private Binding Ruling number 1051489729469 from the Australian Tax Office ("ATO") to confirm the income tax treatment of the TEPs.

Tax deferred distributions may occur where the Fund distributes an amount of cash that exceeds the net income of the Fund allocated to the Fund's unitholders. Certain tax-deferred distributions that are not assessable to a unitholder may result in a reduction in the cost base of the units held by the unitholder. A capital gain will arise where those tax deferred distributions exceed the cost base of the units.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

j) Distributions

The Fund distributes its distributable income, calculated in accordance with the Fund's Constitution and applicable tax legislation, to unitholders who are presently entitled to the income under the Fund's Constitution.

In accordance with the Information Memorandum dated 7 June 2019, from year 5 onwards distributions are anticipated to be paid quarterly in the year of maturity of the TEPs at the Trustee's sole discretion. An income distribution comprises the investor's share of any net income earned by the Fund. The entitlement to distributable income is calculated by dividing the entitlement of the class of units for the period by the number of units on issue as at the relevant distribution date.

k) Trade and Other Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at reporting date. Accruals and payables stated are inclusive of non-recoverable goods and services tax.

The distribution amount payable to unitholders as at the reporting date is recognised separately in the Statement of Financial Position when unitholders are entitled to the distributable income under the Fund's Constitution.

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) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the amount of GST is not recoverable from the ATO, it is recognised as part of the 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 ATO is recognised as a receivable or payable on the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST component of cash flows arising from investing activities which is recoverable from or payable to the ATO is classified as operating cash flow.

The GST incurred on the costs of various services provided to the Fund by third parties such as trustee fees, audit fees, management fees, fund administration and taxation fees and legal fees were subject to reduced input tax credits ("RITC") in accordance with legislation.

Notes to the Financial Statements

4. Administration Expenses

| | Year ended 30 June 2024 | Year ended 30 June 2023 |
|------------------------------|----------------------------|----------------------------|
| | \$ | \$ |
| Management fees | 86,493 | 75,119 |
| Trustee fees | 60,313 | 56,919 |
| Performance fees | 33,395 | 47,863 |
| Premium payment service fees | 30,498 | 28,772 |
| Fund administration fees | 21,539 | 20,319 |
| Registry fees | 6,107 | 6,229 |
| Total | 238,345 | 235,221 |

5. Auditor's Remuneration

| | Year ended 30 June 2024 | Year end 30 June 2023 |
|-------------------------------|----------------------------|--------------------------|
| | \$ | \$ |
| Audit of financial statements | 2,777 | 1,973 |
| Total | 2,777 | 1,973 |

6. Capitalised Formation Costs

| | As at 30 June 2024 | As at 30 June 2023 |
|---------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Formation costs | 66,831 | 66,831 |
| Amortisation of formation costs | (65,717) | (52,351) |
| Balance at the end of the year | 1,114 | 14,480 |

Notes to the Financial Statements

7. Financial Assets Held at Fair Value through Profit or Loss

| | As at 30 June 2024 \$ | As at 30 June 2023 \$ |
|----------------------------------------------------|-----------------------------|-----------------------------|
| Carrying value at the beginning of the year | 9,667,568 | 8,180,489 |
| Purchases of TEPs | 451,197 | 1,044,791 |
| Premiums | 52,344 | 48,714 |
| TEP maturities during the year | (242,566) | (235,947) |
| Change in fair value of TEPs | 390,511 | 629,521 |
| Balance at the end of the year | 10,319,054 | 9,667,568 |

Proceeds from TEPs that matured during the year amounted to \$292,327. A net gain of \$49,762 was recognised in the Statement of Profit or Loss and Other Comprehensive income for the year ended 30 June 2024.

TEPs with fair value amounting to \$1,138,503 are expected to mature 12 months from the balance sheet date and therefore were classified as current assets.

TEPs total surrender value as at 30 June 2024 was \$10,042,801.

8. Trade and Other Payables

| | As at 30 June 2024 \$ | As at 30 June 2023 \$ |
|---------------------------------------|-----------------------------|-----------------------------|
| Performance fees | 28,088 | 44,191 |
| Professional fees | 15,080 | 10,711 |
| Investment management fees | 7,629 | 6,671 |
| Trustee fees | 5,026 | 4,742 |
| Administration and accounting fees | 1,795 | 1,693 |
| Registry fees | 1,414 | 1,067 |
| Actuarial fees | 2,090 | 1,045 |
| Trade payables | 25,504 | - |
| Balance at the end of the year | 86,626 | 70,120 |

Notes to the Financial Statements

9. Contributed Equity

| | 30 June 2024 | |
|-----------------------------------|---------------------|-------------------|
| | Units | \$ |
| Balance as at 1 July 2023 | 8,946,539 | 8,976,520 |
| Applications | 1,414,609 | 1,560,000 |
| Redemptions | (249,925) | (276,167) |
| Balance as at 30 June 2024 | 10,111,223 | 10,260,353 |

| | 30 June 2023 | |
|-----------------------------------|---------------------|------------------|
| | Units | \$ |
| Balance at 1 July 2022 | 8,344,970 | 8,334,924 |
| Applications | 601,569 | 641,596 |
| Balance as at 30 June 2023 | 8,946,539 | 8,976,520 |

The net asset value ("NAV") per unit as at 30 June 2024 was \$1.1135 (2023: \$1.0977).

10. Cash and Cash Equivalents

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

| | As at 30 June 2024 | As at 30 June 2023 |
|----------------------------------------|-------------------------------|-------------------------------|
| | \$ | \$ |
| Cash on hand | 10 | 10 |
| Cash at bank | 974,253 | 205,290 |
| Total cash and cash equivalents | 974,263 | 205,300 |

Notes to the Financial Statements

10. Cash and Cash Equivalents (continued)

b) Reconciliation of net income attributable to unitholders for the year to net cash used in operating activities:

| | Year ended 30 June 2024 | Year ended 30 June 2023 |
|-------------------------------------------------------------------------------|----------------------------|----------------------------|
| | \$ | \$ |
| Total comprehensive income | 154,488 | 410,073 |
| Adjustments for: | | |
| Fair value gain on financial assets held at fair value through profit or loss | (390,511) | (629,521) |
| Gain on disposal of financial assets | (49,762) | (41,001) |
| Matured TEPs in sundry debtors | 45,895 | - |
| Amortisation of formation costs | 13,366 | 13,365 |
| Change in assets and liabilities: | | |
| Net changes in other current assets | (47,745) | 2,248 |
| Net changes in payables and accruals | 16,507 | 45,131 |
| Net cash used in operating activities | (257,762) | (199,705) |

11. Fair value measurement

The Fund measures and recognises the following assets at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (see Note 7)

The Fund does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1);
- Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Measurements based on unobservable inputs for the asset or liability (Level 3).

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Notes to the Financial Statements

11. Fair value measurement (continued)

30 June 2024

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------------------------------------------|----------|----------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| Investments in TEPs | - | - | 10,319,054 | 10,319,054 |
| Total assets | - | - | 10,319,054 | 10,319,054 |

30 June 2023

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------------------------------------------|----------|----------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| Investments in TEPs | - | - | 9,667,568 | 9,667,568 |
| Total assets | - | - | 9,667,568 | 9,667,568 |

Valuation techniques

The Fund selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Fund are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity, plus any accrued interest that is owing on the financial instruments, if any.

Notes to the Financial Statements

11. Fair value measurement (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Trust gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As outlined in the Fund's Information Memorandum, it was the Trustee's expectation that the investments in TEPs would be initially valued at cost and subsequently at fair value, using certain data and assumption. The acquisition cost of a TEP by the Fund and the consolidated Australian TEP valuation model calculation are verified by an independent service provider to the financial services industry.

There has been no change in the valuation techniques used to calculate the fair values disclosed in the financial statements.

12. Financial Risk Management

The most important types of financial risks to which the Fund is exposed to are market risk, credit risk and liquidity risk. The exposure to each of these risks, as well as the Fund's policies and processes for managing these risks are described below.

a) Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and other price risk. The Fund's strategy on the management of market risk is driven by the Fund's investment objective. The Fund's market risk is managed as required by the Trustee in accordance with the investment guidelines outlined in the Information Memorandum.

Cash flow and 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 Fund's exposure to interest rate risk is set out in the following table:

30 June 2024

| | Floating interest rate | Non- interest bearing | Total |
|-------------------------------------------------------|---------------------------|--------------------------|-------------------|
| | \$ | \$ | \$ |
| Financial assets | | | |
| Cash and cash equivalents | 974,263 | - | 974,263 |
| Other current assets | - | 50,880 | 50,880 |
| Financial assets at fair value through profit or loss | - | 10,319,053 | 10,319,053 |
| Financial liabilities | | | |
| Trade and other payables | - | (86,626) | (86,626) |
| Net exposure to interest rate risk | 974,263 | 10,283,307 | 11,257,570 |

Notes to the Financial Statements

12. Financial Risk Management (continued)

a) Market risk (continued)

30 June 2023

| | Floating interest rate \$ | Non-interest bearing \$ | Total \$ |
|-------------------------------------------------------|---------------------------------|-------------------------------|------------------|
| Financial assets | | | |
| Cash and cash equivalents | 205,300 | - | 205,300 |
| Other current assets | - | 3,135 | 3,135 |
| Financial assets at fair value through profit or loss | - | 9,667,568 | 9,667,568 |
| Financial liabilities | | | |
| Trade and other payables | - | (70,120) | (70,120) |
| Net exposure to interest rate risk | 205,300 | 9,600,583 | 9,805,883 |

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 variable constant. However, actual movements in the risk variables may be greater 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.

| | Impact on operating profit/Net assets attributable to unitholders | |
|---------------------|----------------------------------------------------------------------|----------------|
| | Interest rate risk +25bps \$ | -25bps \$ |
| 30 June 2024 | 2,436 | (2,436) |
| | Interest rate risk +25bps \$ | -25bps \$ |
| 30 June 2023 | 513 | (513) |

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at reporting date.

Notes to the Financial Statements

12. Financial Risk Management (continued)

b) Credit risk (continued)

Credit risk is managed and the losses which could arise from default by ensuring that parties to contractual arrangements have the appropriate credit rating or do not show a history of defaults. Financial assets such as cash at bank and investments in TEPs are held with high credit quality financial institution (rated equivalent A or higher by the major rating agencies).

An analysis of investments in TEPs by counter-party is set out in the table below.

| | Financial Strength Rating | As at 30 June 2024 \$ | As at 30 June 2023 \$ |
|----------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Insurer | | | |
| Resolution Life | A | \$10,134,475 | \$9,493,961 |
| MLC Ltd | A+ | \$184,578 | \$173,607 |
| Total investments in TEPs | | \$10,319,053 | \$9,667,568 |

All receivables are monitored by the Manager. If any amounts owing are overdue these are followed up and if necessary, allowances are made for debts that are doubtful.

At the end of the reporting year, there are no issues with the credit quality of financial assets that are either past due or impaired, and all amounts are expected to be received in full.

c) 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 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 at the end of the reporting year. The amounts in the table are the contractual undiscounted cash flows.

At 30 June 2024

| | Less than 12 months \$ | 1-2 years \$ | 2-5 years \$ |
|-------------------------------|------------------------------|--------------------|--------------------|
| Financial liabilities | 86,626 | - | - |
| Contractual cash flows | 86,626 | - | - |

At 30 June 2023

| | Less than 12 months \$ | 1-2 years \$ | 2-5 years \$ |
|-------------------------------|------------------------------|--------------------|--------------------|
| Financial liabilities | 70,120 | - | - |
| Contractual cash flows | 70,120 | - | - |

Notes to the Financial Statements

13. Related Party Transactions

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

Transactions with Trustee and its Associated Entities

The key management personnel of the Trustee for the financial year 30 June 2024 up to the date of these financial statements were:

| Name | Title |
|--------------------|------------------------------------------|
| Frank Tearle | Executive Director and Company Secretary |
| Michael Sutherland | Executive Director |

Other than the initial 10 units, key management personnel of the Trustee and its associated entities did not hold any units in the Fund as at 30 June 2024.

No fees or remuneration was paid directly to the key management personnel of the Trustee from the Fund during the year ended 30 June 2024 (2023: nil).

Trustee fees

The Trustee is entitled to receive a trustee fee of 0.05% per annum on the gross value of the Fund's assets, and the fees are subject to a minimum monthly fee of \$2,000 for the first 12 months and a minimum monthly fee of \$4,000 thereafter (exclusive of GST) in accordance with the Fund's Constitution.

Trustee fees of \$60,313 (inclusive of non-claimable RITC amount) were incurred for the year ended 30 June 2024 (2023: \$56,919), of which \$5,026 (2023: \$4,742) was payable to the Trustee as at 30 June 2024. Refer to Notes 4 and 8.

There were no other fees paid or payable to the Trustee for the year ended 30 June 2024.

Fund administration and taxation fees

Fund administration and taxation services were provided to the Fund by Unity Fund Services Pty Ltd ("UFS") (ACN 146 747 122), which is an entity associated with the Trustee and its wholly owned subsidiary Unity Tax Services Pty Ltd (ACN 147 393 557) for the year ended 30 June 2024.

Fund administration fees of \$21,539 (inclusive of non-claimable RITC amount) were incurred and paid for the year ended 30 June 2024 (2023: \$20,319), of which \$1,795 (2023: \$1,693) was payable to UFS as at 30 June 2024. Refer to Notes 4 and 8.

Taxation fees of \$12,540 was payable to UFS as at 30 June 2024 (2023: \$6,009).

There were no other fees paid or payable to UFS for the year ended 30 June 2024.

Registry fees

One Registry Services Pty Ltd ("ORS"), which is a related entity of the Trustee, provided registry services to the Fund for the year ended 30 June 2024.

Notes to the Financial Statements

13. Related Party Transactions (continued)

Transactions with Trustee and its Associated Entities (continued)

Registry fees of \$6,107 (inclusive of non-claimable RITC amount) were incurred for the year ended 30 June 2024 (2023: \$6,229), of which \$1,414 (2023: \$1,067) was payable to ORS as at 30 June 2024. Refer to Notes 4 and 8.

There were no other fees paid or payable to ORS for the year ended 30 June 2024.

Transactions with Manager and its Associated Entities

Investment management fees

Investment Management fees of \$86,493 (inclusive of non-claimable RITC amount) were incurred for the year ended 30 June 2024 (2023: \$75,119), of which \$7,629 (2023: \$6,671) was payable to the Manager as at 30 June 2024. Refer to Notes 4 and 8.

Premium payment service fees

Premium payment service fees of \$30,498 (inclusive of non-claimable RITC amount) were incurred for the year ended 30 June 2024 (2023: \$28,772), of which none (2023: \$2,398) was payable to the Manager as at 30 June 2024. Refer to Note 4.

Performance fees

Performance fees of \$33,395 (inclusive of non-claimable RITC amount) were incurred for the year ended 30 June 2024 (2023: \$47,863), of which \$28,088 (2023: \$44,191) was payable to the Manager as at 30 June 2024. Refer to Notes 4 and 8.

Purchases of TEPs

TEPs amounting to \$451,197 were purchased and paid to the Supplier for the year ended 30 June 2024 (2023: \$1,044,791). Refer to Note 7.

There were no other fees paid or payable to the Manager or the Supplier or their related corporate bodies for the year ended 30 June 2024.

14. Subsequent Events

There has been no matter or circumstance occurring subsequent to the 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.

15. Commitments and Contingencies

Apart from the premiums payable on TEPs in the normal course, there were no other outstanding contingent assets, liabilities or commitments as at 30 June 2024.

Trustee's Declaration

The trustee of the Aussie TEP Fund (the "Fund") is One AR Pty Ltd (ACN 602 601 776) (the "Trustee").

In the opinion of the directors of the Trustee:

- (a) the financial statements and notes set out on pages 3 to 20:
 - (i) present a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the reporting year ended on that date; and
 - (ii) are in compliance with the basis of preparation and accounting policies described in Note 3 to the financial statements for the year ended 30 June 2024.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the directors of the Trustee, One AR Pty Ltd.



Frank Tearle
Director
16 January 2025

INDEPENDENT AUDIT REPORT

Scope

I have audited the financial report of Aussie TEP Fund for the year ended 30 June 2024. The directors of the Trustee Company are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Trustee.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with my understanding of the Fund's financial position, the results of its operations and cash flows.

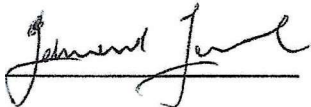
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and statutory requirements the financial position of Aussie TEP Fund as at 30 June 2024, and the results of its operations and its cash flows for the year then ended.

Name of Firm E T Conrick Chartered Accountant

Principal



E T Conrick Chartered Accountant
PO Box 1329
BONDI JUNCTION NSW 2022

Date 21 August 2024

Edward T. Conrick

CHARTERED ACCOUNTANT

P.O. BOX1329, BONDI JUNCTION 2022
TEUFAX, 029.369 5718

The Directors
One AR Pty Limited
Level 16, Governor Macquarie Tower
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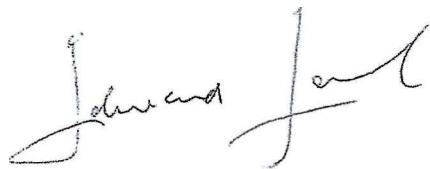
21 August 2024

Aussie TEP Fund - Financial Statements for Year Ended 30 June 2024

I advise that I encountered no matters during the course of my audit that warranted referral to the Trustee of the Fund.

I received satisfactory explanations and documentary support for those transactions selected for testing; and I concluded, that the methodology for preparation of the financial statements was soundly based and provided for a true and fair view of the Fund's operations to 30 June 2024 and its financial position at that date.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Edward T. Conrick', written in a cursive style.