

Hejaz Sukuk Active ETF (Managed Fund)

ARSN 666 691 943

Annual report

For the period 29 March 2023 to 30 June 2024

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This annual report covers Hejaz Sukuk Active ETF (Managed Fund) as an individual entity.

The Responsible Entity of Hejaz Sukuk Active ETF (Managed Fund) is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Hejaz Property Fund (Managed Fund), present their report together with the financial statements of the Fund for the period 29 March 2023 to 30 June 2024.

Principal activities

The Fund was constituted on 7 March 2023, registered with the Australian Securities and Investments Commission (ASIC) on 29 March 2023 and commenced operations on 1 November 2023.

The investment objective of the Fund is to achieve a total return in excess of the Benchmark, expressed before the deduction of management fees and expenses recoveries over a rolling 5 to 7 years timeframe through exposure to a diversified portfolio of investments assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective and returns are not guaranteed.

The Fund did not have any employees during the period.

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

The various service providers for the Fund are detailed below:

| Service | Provider |
|-----------------------------|--|
| Responsible Entity | Equity Trustees Limited |
| Fund Manager | Hejaz Financial Advisers Pty Limited |
| Investment Manager | Hejaz Asset Management Pty Ltd |
| Custodian and Administrator | Apex Fund Services Pty Ltd (an Apex Group Company) |
| Statutory Auditor | Deloitte Touche Tohmatsu |

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the period and up to the date of this report:

| | |
|-------------------|----------------------------------|
| Philip D Gentry | Chairman (resigned 6 June 2024) |
| Michael J O'Brien | Chairman (appointed 6 June 2024) |
| Russell W Beasley | |
| Mary A O'Connor | |
| David B Warren | |
| Andrew P Godfrey | (appointed 1 May 2024) |

Review and results of operations

During the period, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 1.12% (net of fees) for the period ended 30 June 2024. The Fund's benchmark, the Bloomberg Global Aggregate USD Sukuk Index returned 4.98% for the same period. The Fund's performance is calculated based on the percentage change in the Fund's redemption price over the period (with any distributions paid during the period reinvested). Returns are disclosed after fees and expenses.

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

| | For the period 29 March 2023 to 30 June 2024 |
|-------------------------------------|---|
| Profit/(loss) for the period (\$) | 52,829 |
| Distributions paid and payable (\$) | 82,951 |
| Distributions (cents per unit) | 1.5033 |

Significant changes in the state of affairs

Andrew P Godfrey was appointed as a director of Equity Trustees Limited on 1 May 2024.

Philip D Gentry resigned as a director of Equity Trustees Limited on 6 June 2024.

The Fund is available to investors on the Australian Securities Exchange (ASX) as an active Exchange Traded Managed Fund (ASX Code: SKUK) and its units commenced trading on the ASX on 01 November 2023 subject to its obligations under Aqua Rules and ASX Operating Rules.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial period.

Directors' report (continued)

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may have a significant effect on:

- i. the operations of the Fund in future financial years; or
- ii. the results of those operations in future financial years; or
- iii. the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in Note 13 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are disclosed in Note 13 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 6 to the financial statements.

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

Environmental regulation

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

Rounding of amounts to the nearest dollar

Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Andrew P Godfrey
Director

Melbourne
11 September 2024

11 September 2024

The Board of Directors
Equity Trustees Limited
Level 1, 575 Bourke Street
MELBOURNE VIC 3000

Dear Board Members,

Auditor's Independence Declaration- Hejaz Sukuk Active ETF (Managed Fund)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Equity Trustees Limited, the Responsible Entity, regarding the financial report of Hejaz Sukuk Active ETF (Managed Fund) (the "Fund").

As lead audit partner for the audit of the financial report of the Fund for the financial period ended 30 June 2024 I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants

Statement of comprehensive income

| | For the period 29 March 2023 to 30 June 2024 \$ |
|--|---|
| Income | |
| Interest income from financial assets at fair value through profit or loss | 127,814 |
| Net foreign exchange gain/(loss) | 3,230 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | (33,659) |
| Management fees and costs reimbursement | 97,943 |
| Other income | 20 |
| Total income/(loss) | 195,348 |
| Expenses | |
| Management fees and costs | 142,519 |
| Total expenses | 142,519 |
| Profit for the period | 52,829 |
| Other comprehensive income | - |
| Total comprehensive income for the period | 52,829 |

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

Statement of financial position

| | Note | As at 30 June 2024 \$ |
|---|------|-----------------------------|
| Assets | | |
| Cash and cash equivalents | 8 | 543,555 |
| Receivables | 10 | 156,316 |
| Financial assets at fair value through profit or loss | 5 | 4,922,382 |
| Total assets | | 5,622,253 |
| Liabilities | | |
| Distributions payable | 7 | 82,951 |
| Payables | 11 | 42,154 |
| Total liabilities | | 125,105 |
| Net assets attributable to unit holders – equity | 6 | 5,497,148 |

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

Hejaz Sukuk Active ETF (Managed Fund)
Statement of changes in equity
For the period 29 March 2023 to 30 June 2024

Statement of changes in equity

| | Note | For the period 29 March 2023 to 30 June 2024 \$ |
|--|------|---|
| Total equity at the beginning of the financial period | | - |
| Comprehensive income for the financial period | | |
| Profit/(loss) for the period | | 52,829 |
| Other comprehensive income | | - |
| Total comprehensive income | | 52,829 |
| Transactions with unit holders | | |
| Applications | 6 | 5,527,270 |
| Distributions payable | 6 | (82,951) |
| Total transactions with unit holders | | 5,444,319 |
| Total equity at the end of the financial period | | 5,497,148 |

The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2c and 6.

Statement of cash flows

| | Note | For the period 29 March 2023 to 30 June 2024 \$ |
|---|------|---|
| Cash flows from operating activities | | |
| Payments for purchase of financial instruments at fair value through profit or loss | | (4,956,041) |
| Interest income received from financial assets at fair value through profit or loss | | 75,817 |
| Management fees and costs reimbursement received | | 1,174 |
| Management fees and costs paid | | (100,365) |
| Other expenses paid | | (7,530) |
| Net cash inflow/(outflow) from operating activities | 9(a) | (4,986,945) |
| Cash flows from financing activities | | |
| Proceeds from applications by unit holders | | 5,527,270 |
| Net cash inflow/(outflow) from financing activities | | 5,527,270 |
| Net increase/(decrease) in cash and cash equivalents | | 540,325 |
| Cash and cash equivalents at the beginning of the period | | - |
| Effects of foreign currency exchange rate changes on cash and cash equivalents | | 3,230 |
| Cash and cash equivalents at the end of the period | 8 | 543,555 |

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

Notes to the financial statements

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1. General information

These financial statements cover Hejaz Sukuk Active ETF (Managed Fund) (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 7 March 2023 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The Responsible Entity has appointed Hejaz Financial Advisers Pty Limited to manage the Fund, who in turn has appointed Hejaz Asset Management Pty Ltd to determine the investments which should form and remain part of the Fund's portfolio from time to time.

The investment objective of the Fund is to achieve a total return in excess of the Benchmark, expressed before the deduction of management fees and expenses recoveries over a rolling 5 to 7 years timeframe through exposure to a diversified portfolio of investments assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective and returns are not guaranteed.

The Fund is available to investors on the Australian Securities Exchange (ASX) as an active Exchange Traded Managed Fund (ASX Code: SKUK) and its units commenced trading on the ASX on 01 November 2023 subject to its obligations under Aqua Rules and ASX Operating Rules.

The financial statements were authorised for issue by the directors 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. Summary of material accounting policies

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

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

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

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. New and amended standards adopted by the Fund

The Fund has applied the following standards and amendments for the first time for its financial period beginning 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2023 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

iii. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

2. Summary of material accounting policies (continued)

b. Financial instruments

i. Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Fund Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable and management fees and costs payable).

ii. Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii. Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables, payables and distributions payable are carried at amortised cost.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

2. Summary of material accounting policies (continued)

b. Financial instruments (continued)

iv. Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

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

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

v. Offsetting financial instruments

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

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

c. Net assets attributable to unit holders

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

The units can be put back to the Fund at any time for cash based on the redemption price which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

The Fund's units are classified as equity as they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation* :

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and 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.

d. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

e. Income

i. Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through profit or loss.

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. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

2. Summary of material accounting policies (continued)

e. Income (continued)

i. Interest income (continued)

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

ii. Dividends and distributions

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

f. Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

As per the Fund's Product Disclosure Statement (PDS), ordinary expenses such as investment management fees, Responsible Entity fees, custodian and administration fees, audit fees and other ordinary expenses of operating the Fund are covered by the management fees and costs.

g. Income tax

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

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

h. Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

i. Foreign currency translation

i. Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for Funds and is regulated. The Australian dollar is also the Fund's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

j. Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

k. Receivables

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

2. Summary of material accounting policies (continued)

l. Payables

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

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial period.

m. 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.

n. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

o. Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Fund Manager.

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

For more information on how fair value is calculated refer to Note 4 to the financial statements.

q. Comparative period

The Fund was constituted on 7 March 2023, registered with the Australian Securities and Investments Commission on 29 March 2023 and commenced operations on 1 November 2023. The reporting period covers the period 29 March 2023 to 30 June 2024, hence there is no comparative information.

p. Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise indicated.

3. Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

As demonstrated in the fund's investment guidelines, the investment base universe of the fund is the Bloomberg Global Aggregate USD Sukuk Index. The Sukuks in the index are rated as investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch.

All investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

3. Financial risk management (continued)

The investments of the Fund, and associated risks, are managed by the Investment Manager, Hejaz Asset Management Pty Ltd under an Investment Management Agreement (IMA) approved by the Responsible Entity and contains the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

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

a. Market risk

i. Price risk

The Fund is exposed to price risk on debt securities. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

Price risk is managed by continual monitoring of market movement and activity within the investment mandate.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/-10%.

ii. Foreign exchange risk

The Fund operates internationally and holds monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk can be managed by the Investment Manager by entering into foreign exchange contracts to reduce any movement in exchange rates with respect to the Australian dollar. The fund has not entered into foreign exchange contracts in the current period.

The table below summarises the fair value of the Fund's financial assets and liabilities which are denominated in a currency other than the Australian dollar.

| | US Dollars A\$ |
|---|----------------------|
| As at 30 June 2024 | |
| Cash and cash equivalents | 135,317 |
| Receivables | 51,997 |
| Financial assets at fair value through profit or loss | 4,922,382 |
| Net exposure | 5,109,696 |

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% against the material foreign currencies to which the Fund is exposed.

iii. Cash flow and fair value interest rate risk

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

The Fund's interest bearing financial instruments expose it to risks associated with the effects of fluctuations in the prevailing market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

Interest rate risk management is undertaken by purchasing Sukuks with varying durations, depending on the interest rate cycle.

The Fund's main interest rate risk arises from its investments at a fixed interest rate.

The fund can manage the interest rate risk by using interest rate hedging instruments to reduce interest rate risks incurred by investment in floating interest rate notes.

3. Financial risk management (continued)

a. Market risk (continued)

iii. Cash flow and fair value interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risk at the end of the reporting period.

| | Floating interest rate \$ | Fixed interest rate \$ | Non- interest bearing \$ | Total \$ |
|---|------------------------------------|---------------------------------|-----------------------------------|-------------|
| As at 30 June 2024 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | - | - | 543,555 | 543,555 |
| Receivables | - | - | 156,316 | 156,316 |
| Financial assets at fair value through profit or loss | - | 4,922,382 | - | 4,922,382 |
| Total financial assets | - | 4,922,382 | 699,871 | 5,622,253 |
| Financial liabilities | | | | |
| Distributions payable | - | - | 82,951 | 82,951 |
| Payables | - | - | 42,154 | 42,154 |
| Total financial liabilities | - | - | 125,105 | 125,105 |

b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market 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 variances in the risk variables.

| | Impact on profit/net assets attributable to unit holders | | | |
|---------------------------|---|------------|-----------------------|------------|
| | Price risk | | Foreign exchange risk | |
| | +10% \$ | -10% \$ | +10% \$ | -10% \$ |
| As at 30 June 2024 | 492,238 | (492,238) | 18,731 | (18,731) |

c. Credit risk

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due to from brokers and other receivables. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying amount of these balances as at the reporting date.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default, and loss given default. Management utilises both historical analysis of defaults, credit losses, and credit ratings, as well as forward-looking information, including macroeconomic forecasts and credit ratings outlook, in determining any expected credit loss. As of 30 June 2024, management evaluated historical data on defaults and expected credit losses (ECL) to assess the likelihood of future impairments, concluding that the risk remains low based on past trends. Additionally, management analysed the historical performance of counterparties; all receivables, amounts due from brokers, cash, and short-term deposits are held with counterparties with a credit rating of B or higher and are either callable on demand or due to be settled within one week. Management considers the probability of default to be close to zero, as these instruments have a low risk of default, and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses.

i. Debt securities

The Fund invests in debt securities which have an investment grade categorisation as rated by various credit agencies. For unrated assets, a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

An analysis of debt by rating is set out in the table below.

| | As at 30 June 2024 \$ |
|-----------------------------|-----------------------------|
| Islamic Bonds rating | |
| AAA to A | 2,007,038 |
| A- to BBB+ | 1,936,514 |
| BBB to BBB- | 978,830 |
| Total | 4,922,382 |

3. Financial risk management (continued)

c. Credit risk (continued)

ii. Settlement of securities transactions

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

iv. Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties (Apex Fund Services Pty Ltd) have a rating of B (as determined by Fitch) or higher.

iv. Other

The Fund is not materially exposed to credit risk on other financial assets.

d. Liquidity risk

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

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by investing the majority of Fund assets into investments that can be readily disposed of.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2024.

i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

4. Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (see Note 5)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* 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).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

a. Valuations using level 2 inputs

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all material inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Fund invests in debt securities. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as level 2.

Specific valuation techniques using observable inputs used to value financial instruments include:

- Debt instruments are valued using quoted market prices or dealer quotes for similar instruments

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

4. Fair value measurement (continued)

b. Recognised fair value measurements

The table below presents the Fund's financial assets measured and recognised at fair value as at 30 June 2024.

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-------------------------------|---------------|---------------|---------------|-------------|
| As at 30 June 2024 | | | | |
| Financial assets | | | | |
| Islamic Bonds | - | 4,922,382 | - | 4,922,382 |
| Total financial assets | - | 4,922,382 | - | 4,922,382 |

c. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

d. Financial instruments not carried at fair value

The carrying values of receivables and payables approximate their fair values due to their short-term nature.

5. Financial assets at fair value through profit or loss

| | As at 30 June 2024 \$ |
|--|-----------------------------|
| Islamic Bonds | 4,922,382 |
| Total financial assets at fair value through profit or loss | 4,922,382 |

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

6. Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

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

| | For the period 29 March 2023 to 30 June 2024 | |
|------------------------------|---|------------------|
| | Units | \$ |
| Opening balance | - | - |
| Applications | 5,518,041 | 5,527,270 |
| Distributions payable | - | (82,951) |
| Profit/(loss) for the period | - | 52,829 |
| Closing balance | 5,518,041 | 5,497,148 |

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital which is classified as equity. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

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

7. Distributions to unit holders

The distributions declared during the period were as follows:

| | For the period 29 March 2023 to 30 June 2024 | |
|----------------------------|---|---------------|
| | \$ | CPU |
| Distributions | | |
| June (payable) | 82,951 | 1.5033 |
| Total distributions | 82,951 | 1.5033 |

8. Cash and cash equivalents

| | As at 30 June 2024 |
|--|-----------------------|
| | \$ |
| Cash at bank | 543,555 |
| Total cash and cash equivalents | 543,555 |

9. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

a. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

| | For the period 29 March 2023 to 30 June 2024 | |
|---|---|--|
| | \$ | |
| Profit/(loss) for the period | 52,829 | |
| Payments for purchase of financial instruments at fair value through profit or loss | (4,956,041) | |
| Net (gains)/losses on financial instruments at fair value through profit or loss | 33,659 | |
| Net change in receivables | (156,316) | |
| Net change in payables | 42,154 | |
| Impact of exchange rate changes on cash and cash equivalents | (3,230) | |
| Net cash inflow/(outflow) from operating activities | (4,986,945) | |

10. Receivables

| | As at 30 June 2024 |
|--|-----------------------|
| | \$ |
| GST receivable | 7,550 |
| Interest receivable | 51,997 |
| Management fees and costs reimbursement receivable | 96,769 |
| Total receivables | 156,316 |

11. Payables

| | As at 30 June 2024 |
|-----------------------------------|-----------------------|
| | \$ |
| Management fees and costs payable | 42,154 |
| Total payables | 42,154 |

12. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditors of the Fund:

| | For the period 29 March 2023 to 30 June 2024 | |
|---|---|--|
| | \$ | |
| Deloitte Touche Tohmatsu | | |
| <i>Audit and other assurance services</i> | | |
| Audit of financial statements | 21,630 | |
| Total remuneration for audit and other assurance services | 21,630 | |
| <i>Taxation services</i> | | |
| Tax compliance services | 9,660 | |
| Other tax service | 5,500 | |
| Total remuneration for taxation services | 15,160 | |
| Total remuneration of Deloitte Touche Tohmatsu | 36,790 | |

12. Remuneration of auditors (continued)

PricewaterhouseCoopers

Audit and other assurance services

| | |
|---|-------|
| Audit of compliance plan | 2,400 |
| Total auditor remuneration and other assurance services | 2,400 |

| | |
|---|--------------|
| Total remuneration of PricewaterhouseCoopers | 2,400 |
|---|--------------|

The auditors' remuneration is borne by the Fund. Fees are stated exclusive of GST.

13. Related party transactions

The Responsible Entity of Hejaz Sukuk Active ETF (Managed Fund) is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to Hejaz Financial Advisers Pty Limited to act as Fund Manager for the Fund, who in turn has appointed Hejaz Asset Management Pty Ltd to act as Investment Manager, and Apex Fund Services Pty Ltd to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial period and up to the date of this report.

| | |
|-------------------|----------------------------------|
| Philip D Gentry | Chairman (resigned 6 June 2024) |
| Michael J O'Brien | Chairman (appointed 6 June 2024) |
| Russell W Beasley | |
| Mary A O'Connor | |
| David B Warren | |
| Andrew P Godfrey | (appointed 1 May 2024) |

ii. Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

iii. Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial period.

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

c. Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2024.

d. Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

e. Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

f. Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving management personnel's interests existing at period end.

13. Related party transactions (continued)

g. Responsible Entity fees, Investment Manager's fees and other transactions

The transactions during the period and amounts payable as at period end between the Fund, the Responsible Entity and the Investment Manager were as follows:

| | For the period 29 March 2023 to 30 June 2024 \$ |
|--|---|
| Management fees for the period | 3,105 |
| Management fees and costs reimbursement for the period | 97,943 |
| Responsible Entity fees for the period | 90,667 |
| Management fees and costs reimbursement receivable at period end | 96,769 |
| Responsible Entity fees payable at period end | 6,667 |

Under the terms of the Fund's Constitution and Product Disclosure Statement, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Product Disclosure Statement for information on how management fees and costs are calculated.

Management costs reimbursed represent monies put into the Fund to ensure that the Fund's overall management fees and costs remain within that disclosed in the Product Disclosure Statement.

h. Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Fund as follows:

| | Number of units held opening | Number of units held closing | Fair value of investment (\$) | Interest held (%) | Number of units acquired | Number of units disposed | Distributions paid/payable by the Fund (\$) |
|---------------------------|---------------------------------------|---------------------------------------|--|-------------------------|--------------------------------|--------------------------------|--|
| Unit holder | | | | | | | |
| As at 30 June 2024 | | | | | | | |
| Hejaz Global Ethical Fund | - | 5,348,000 | 5,414,850 | 98.50% | 5,348,000 | - | 80,394 |

14. Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Fund for the period ended on that date.

15. Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the financial period ended on that date.
- 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; and
- c. Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Andrew P Godfrey
Director

Melbourne
11 September 2024

Independent Auditor’s Report to the Unit Holders of Hejaz Sukuk Active ETF (Managed Fund)

Opinion

We have audited the financial report of Hejaz Sukuk Active ETF (Managed Fund) (the “Fund”) which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on that date, and notes to the financial statements, including material accounting policy information and other explanatory information, and the Directors’ declaration.

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

- giving a true and fair view of the Fund’s financial position as at 30 June 2024 and of its financial performance for the period then ended; and
- 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Responsible Entity of the Fund (the “Directors”), would be in the same terms if given to the Directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|--|--|
| <p>Valuation of financial assets at fair value through profit and loss</p> <p>As disclosed in Note 4 and 5, financial assets at fair value through profit or loss are:</p> <p>Hejaz Sukuk: \$ 4,922,382 as at 30 June 2024, representing 89.54% of the Net Asset Value.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of key controls in place at the service provider in relation to valuation of financial assets; • For a sample of financial asset holdings at 30 June 2024, obtaining direct confirmation from the custodian/ relevant counterparties of the number of units held and agreeing to the Fund’s records, including, where relevant, |

| | |
|---|--|
| <p>Financial assets represent the most significant balances in the statement of financial position and are the primary drivers of net asset value and investment performance.</p> | <p>testing reconciling trades to assess that they have been recorded in the correct; and</p> <ul style="list-style-type: none"> • Assessing the price used by the Fund to value fixed interest notes in the portfolio by agreeing to publicly available information; • Assessing the adequacy of the disclosures included in Note 4 and 5 of the financial statements. |
|---|--|

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the period ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors 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 has 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:

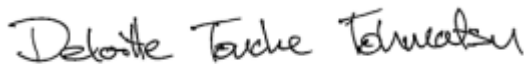
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants

Melbourne, 11 September 2024