



2024

ANNUAL REPORT

Yarra Income Plus Fund

Yarra Income Plus Fund

ARSN 090 047 635

Annual financial report - 30 June 2024



YARRA
CAPITAL MANAGEMENT

Yarra Income Plus Fund

ARSN 090 047 635

Annual financial report - 30 June 2024

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Directors' report

The directors of Yarra Funds Management Limited (ABN: 63 005 885 567; AFSL: 230251), the responsible entity ("Responsible Entity") of the Yarra Income Plus Fund ("the Scheme"), present their report together with the annual financial report of the Scheme for the year ended 30 June 2024.

Principal activities

The Scheme invests primarily in other funds managed by Yarra Funds Management Limited, a range of hybrid investments, floating rate credit investments, property, infrastructure and utilities securities, government and corporate bonds and cash. The Scheme can utilise derivative financial instruments, such as futures contracts, to gain or reduce market exposure. This is in accordance with the governing documents of the Scheme.

The purpose of the Scheme is to seek to provide regular income and to achieve medium term capital growth by investing in cash, money market products, domestic fixed interest and a range of high yielding investments, including domestic hybrid investments, property, infrastructure and utilities securities and international fixed interest assets. In doing so, the Scheme aims to outperform the Bloomberg AusBond Bank Bill Index, over rolling three-year periods as per the Product Disclosure Statement (PDS).

There were no significant changes in the nature of the Scheme's activities during the year.

The Scheme did not have any employees during the year.

Directors

The following persons held office as directors of Yarra Funds Management Limited during the year or since the end of the year and up to the date of this report:

Priscilla Boreham
Roy Keenan
Jennifer Horrigan
Naomi Edwards
Edward Eason

Review and results of operations

There have been no significant changes to the operations of the Scheme since the previous financial year.

During the year, the Scheme continued to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

Results

| | Year ended | |
|--------------------------------------|---------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Operating profit/(loss) | 5,350 | 3,563 |
| Distribution paid and payable | 2,771 | 2,351 |
| Distributions - cents per unit (CPU) | 4.3739 | 3.3806 |

Directors' report (continued)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024, that has significantly affected or may significantly affect:

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

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme 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 the Responsible Entity, directors and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to the Responsible Entity, directors or the auditors of the Scheme. As long as the Responsible Entity acts in accordance with the Scheme's Constitution and the Law, the Responsible Entity remains fully indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

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

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in note 11.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

Directors' report (continued)

Environmental regulation

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

Rounding

The Scheme is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding" of amounts in the directors' report and annual financial report. Amounts in the directors' report and annual financial report for the Scheme have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise stated.

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 6.

This report is made in accordance with a resolution of the directors.



Edward Eason
Director

Melbourne
26 September 2024

26 September 2024

The Board of Directors
Yarra Funds Management Limited as Responsible Entity for
Yarra Income Plus Fund
Level 19, 101 Collins Street
Melbourne VIC 3000

Dear Directors,

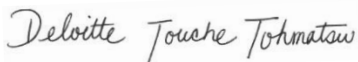
Auditor's Independence Declaration - Yarra Income Plus Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Yarra Funds Management Limited, the Responsible Entity, regarding the financial report for the Yarra Income Plus Fund.

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

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Adam Kuziow
Partner
Chartered Accountants

Statement of comprehensive income

| | Notes | Year ended | |
|---|-------|---------------------------|---------------------------|
| | | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Investment income | | | |
| Interest income | | 89 | 56 |
| Income from financial instruments | 10 | 7,171 | 3,745 |
| Net gains/(losses) on financial instruments | | (1,496) | 123 |
| Other operating income | | 1 | - |
| Total net investment income/(loss) | | <u>5,765</u> | <u>3,924</u> |
| Expenses | | | |
| Responsible Entity's fees | 11 | 409 | 358 |
| Transaction costs | | 4 | 3 |
| Withholding tax expense | | 2 | - |
| Total expenses | | <u>415</u> | <u>361</u> |
| Operating profit/(loss) | | <u>5,350</u> | <u>3,563</u> |
| Profit/(loss) for the year | | <u>5,350</u> | <u>3,563</u> |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income/(loss) for the year | | <u>5,350</u> | <u>3,563</u> |

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

Statement of financial position

| | Notes | As at | |
|--|-------|---------------------------|---------------------------|
| | | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Assets | | | |
| Cash and cash equivalents | | 486 | 621 |
| Applications receivable | | 90 | 16 |
| Receivables | | 311 | 1,775 |
| Financial assets at fair value through profit or loss | 5 | 67,589 | 76,853 |
| Total assets | | 68,476 | 79,265 |
| Liabilities | | | |
| Distributions payable | 4 | 770 | 778 |
| Redemptions payable | | 209 | 294 |
| Payables | | 121 | 717 |
| Total liabilities | | 1,100 | 1,789 |
| Net assets attributable to unitholders - equity | 3 | 67,376 | 77,476 |

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

Statement of changes in equity

| | Notes | Year ended | |
|---|-------|---------------------------|---------------------------|
| | | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Total equity at the beginning of the year | | 77,476 | 79,026 |
| Comprehensive income for the year | | | |
| Profit/(loss) for the year | | 5,350 | 3,563 |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | <u>5,350</u> | <u>3,563</u> |
| Transactions with unitholders | | | |
| Applications | 3 | 15,687 | 8,892 |
| Redemptions | 3 | (28,381) | (11,696) |
| Units issued upon reinvestment of distributions | 3 | 15 | 42 |
| Distributions paid and payable | 3 | <u>(2,771)</u> | <u>(2,351)</u> |
| Total transactions with unitholders | | <u>(15,450)</u> | <u>(5,113)</u> |
| Total equity at the end of the year | | <u>67,376</u> | <u>77,476</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

| | Notes | Year ended | |
|---|-------|---------------------------|---------------------------|
| | | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Cash flows from operating activities | | | |
| Proceeds from sale of financial instruments | | 54,401 | 24,872 |
| Purchase of financial instruments | | (44,050) | (22,441) |
| Interest received | | 105 | 64 |
| Income from financial instruments | | 5,422 | 1,354 |
| Other income received | | 27 | - |
| Payment of expenses | | (423) | (360) |
| Net cash inflow/(outflow) from operating activities | 6 | 15,482 | 3,489 |
| Cash flows from financing activities | | | |
| Proceeds from applications by unitholders | | 15,613 | 8,876 |
| Payments for redemptions by unitholders | | (28,466) | (11,469) |
| Distributions paid | | (2,764) | (2,523) |
| Net cash inflow/(outflow) from financing activities | | (15,617) | (5,116) |
| Net increase/(decrease) in cash and cash equivalents | | (135) | (1,627) |
| Cash and cash equivalents at the beginning of the year | | 621 | 2,248 |
| Cash and cash equivalents at the end of the year | | 486 | 621 |
| Non-cash financing activities | 6 | 15 | 42 |

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

1 General information

The Scheme commenced on 11 July 1995. The Scheme will terminate on 11 February 2066 unless terminated earlier in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is Yarra Funds Management Limited. The Responsible Entity's registered office is Level 19, 101 Collins Street, Melbourne, Victoria 3000.

The annual financial report was authorised for issue by the directors on 26 September 2024. The directors of the Responsible Entity have the power to amend and reissue the annual financial report.

2 Summary of material accounting policies

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

(a) Basis of preparation

This general purpose annual report has been prepared on a going concern basis in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. Yarra Income Plus Fund is a for-profit unit trust for the purpose of preparing the annual financial report.

The annual financial report was 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 twelve months, except for financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The Scheme 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 balance date. In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder'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.

Compliance with International Financial Reporting Standards

The annual financial report of the Scheme also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Investment entity

The Scheme meets the definition of an investment entity as set out in AASB 10 *Consolidated Financial Statements*. The Scheme obtains funds from its unitholders for the purpose of providing investment management services to the unitholders and generating returns through a combination of capital appreciation and investment income. The Scheme also measures and evaluates the performance of its investments on a fair value basis, as further outlined in note 8.

The typical characteristics of an investment entity include:

- having more than one investment;
- having more than one investor;
- having investors that are, materially, not related parties of the Scheme; and
- having ownership interests in the form of equity or similar interests.

The Scheme fulfils all of the typical characteristics of an investment entity. Accordingly, the Responsible Entity considers the Scheme to satisfy the definition of an investment entity.

2 Summary of material accounting policies (continued)

(c) Income from financial instruments

The Scheme generates income from its financial assets held at fair value through profit or loss, as follows:

Interest income is recognised on a time apportioned basis using the effective interest method. It mainly includes interest income from cash and cash equivalents and on fixed income securities at fair value through profit or loss.

Dividend income is earned from the investments that the Scheme holds in listed equity securities, and is recognised on the ex-dividend date. Where dividend income earned is subject to withholding tax, a separate expense is recognised, with dividend income recognised on a gross basis within the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

(d) Use of judgements and estimates

The preparation of the financial report in conformity with Australian Accounting Standards requires the Responsible Entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the judgements and estimates made and assumptions applied.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of preparing the financial report of the Scheme and in the application of the Scheme's accounting policies, the Responsible Entity is of the opinion that there are no areas of significant estimation uncertainty or material judgement that have been exercised and is expected to have a significant effect on the amounts recognised within the financial report.

(e) Income tax

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

The benefit of imputation credits is passed on to unitholders.

(f) New accounting standards and interpretations

(i) *New and amended standards adopted by the Scheme*

A number of new accounting standards, amendments to accounting standards and interpretations have been published that are effective for annual periods beginning after 1 July 2023. These standards, amendments or interpretations are not expected to have a material impact on the Scheme in the current or future reporting periods and on foreseeable future transactions.

• 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]

AASB 2021-2 became effective for annual reporting periods beginning on or after 1 January 2023. It amends Australian Accounting Standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates. The adoption of this standard is not expected to have a material impact on the accounting policy disclosures in the financial report.

(ii) *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 this annual financial report. These new standards, amendments to standards and interpretations are not expected to have a material impact on the future annual financial report of the Scheme.

2 Summary of material accounting policies (continued)

(g) Rounding

The Scheme is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding" of amounts in the directors' report and annual financial report. Amounts in the directors' report and annual financial report for the Scheme have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise stated.

3 Net assets attributable to unitholders

The units in the Scheme represent puttable financial instruments and are redeemable at the unitholders' option. The units can be put back to the Scheme at any time for cash based on the redemption price, which is equal to a proportionate share of the Scheme's net asset value attributable to unitholders.

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

The units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to put the unit back to the Scheme. This amount represents the expected cash flows on redemption of these units.

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

| | As at | | | |
|---|-----------------------|-----------------------|-----------------|-----------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2024 | 30 June 2023 |
| | No. of units (000) | No. of units (000) | \$'000 | \$'000 |
| Opening balance | 67,704 | 70,074 | 77,476 | 79,026 |
| Applications | 13,484 | 7,759 | 15,687 | 8,892 |
| Redemptions | (24,230) | (10,166) | (28,381) | (11,696) |
| Units issued upon reinvestment of distributions | 13 | 37 | 15 | 42 |
| Distributions paid and payable | - | - | (2,771) | (2,351) |
| Profit/(loss) for the year | - | - | 5,350 | 3,563 |
| Closing balance | <u>56,971</u> | <u>67,704</u> | <u>67,376</u> | <u>77,476</u> |

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. In accordance with AASB 132, the units in the Scheme are classified as equity as they meet all the required features and conditions therein.

Throughout the course of the current and the prior financial year the units of the Scheme satisfied all of the requirements of AASB 132 and consequently net assets attributable to unitholders are classified as equity in both periods.

4 Distributions to unitholders

The distributions paid and payable for the year were as follows:

| | Year ended | | 30 June | |
|-------------------------------|---------------------------|------------------------|----------------|---------------|
| | 30 June 2024 \$'000 | 30 June 2024 CPU | 2023 \$'000 | 2023 CPU |
| Distribution paid - September | 591 | 0.8674 | 385 | 0.5411 |
| Distribution paid - December | 803 | 1.1767 | 724 | 1.0172 |
| Distribution paid - March | 607 | 0.9777 | 464 | 0.6732 |
| Distribution payable - June | 770 | 1.3521 | 778 | 1.1491 |
| | <u>2,771</u> | <u>4.3739</u> | <u>2,351</u> | <u>3.3806</u> |

In accordance with the Scheme's Constitution, the Scheme distributes its distributable income, adjusted for amounts determined by the Responsible Entity in accordance with the Scheme's Constitution, to unitholders in the form of cash or via the issuance of units upon a reinvestment of distributions. The Scheme's distributions are classified as distributions paid and payable in the statement of changes in equity. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

5 Financial assets at fair value through profit or loss

| | As at | |
|--|---------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Financial assets at fair value through profit or loss | | |
| Listed equities | 3,879 | - |
| Listed unit trusts | 6,446 | - |
| Unlisted unit trusts | 32,282 | 42,227 |
| Floating rate notes and convertible instruments | 9,291 | 11,339 |
| Fixed interest securities | 15,691 | 23,287 |
| Total financial assets at fair value through profit or loss | <u>67,589</u> | <u>76,853</u> |

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in notes 7 and 8.

6 Notes to the statement of cash flows

| | Year ended | |
|---|---------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| (a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities | | |
| Profit/(loss) for the year | 5,350 | 3,563 |
| Proceeds from sale of financial instruments | 54,401 | 24,872 |
| Purchase of financial instruments | (44,050) | (22,441) |
| Net (gains)/losses on financial instruments | 1,496 | (123) |
| Transaction costs | 4 | 4 |
| Trust distributions reinvested | (2,717) | (4,364) |
| Net change in receivables | 1,012 | 1,980 |
| Net change in payables | (14) | (2) |
| Net cash inflow/(outflow) from operating activities | <u>15,482</u> | <u>3,489</u> |

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

| | |
|-----------|-----------|
| <u>15</u> | <u>42</u> |
|-----------|-----------|

6 Notes to the statement of cash flows (continued)

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

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

7 Financial risk management

The Scheme's assets principally consist of unit trusts, hybrid investments, floating rate credit investments, property, infrastructure and utilities securities, government bonds, corporate bonds and global high yielding interest instruments and cash. It holds these investments in accordance with its investment strategy.

The following disclosure and sensitivity analysis reflects the Scheme's exposure on its investments, including through investments held by the unit trusts the scheme invests in.

Financial risk may include market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price, interest rate and foreign exchange risk.

The possible movements in the risk variables presented in the below sensitivity analysis have been determined based on management's best estimate, having regard for a number of factors, including historical changes in security prices. However, actual movements in these risk variables may be more or less significant and historic variations are not a definitive indicator of future variations in the risk variables.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Scheme's risk management framework. The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's Investment Guidelines and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

The Scheme is exposed to price risk on its investments in hybrid and equity securities as well as unit trusts. This arises from investments held by the Scheme for which prices in the future are uncertain. These investments are classified on the statement of financial position as at fair value through profit or loss.

The Investment Manager mitigates this price risk through diversification and a careful selection of investments within specified limits in the Investment Guidelines. The Scheme achieves diversification through its investments in Australian convertible instruments, equities, fixed interest, floating rate notes, property, infrastructure and utilities securities and cash.

(ii) Foreign exchange risk

In accordance with the Scheme's Investment Guidelines, the Scheme may not enter into transaction denominated in currencies other than Australian dollars. The Scheme therefore does not have any exposure to currency risk on financial instruments, receivables and liabilities. The functional currency of the Scheme is Australian dollar.

7 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Scheme's financial instruments will fluctuate due to changes in market interest rates. The Scheme is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Scheme to fair value interest rate risk.

The Scheme's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Scheme's exposure to interest rate risk and the effective weighted average interest rate of classes of financial assets and financial liabilities is set out below:

| 30 June 2024 | Weighted average interest rate (% pa) | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non- interest bearing \$'000 | Total \$'000 |
|--|--|--|-------------------------------------|---------------------------------------|-----------------|
| Financial assets | | | | | |
| Cash and cash equivalents | | 486 | - | - | 486 |
| Applications receivables | | - | - | 90 | 90 |
| Receivables | | - | - | 311 | 311 |
| Financial assets at fair value through profit or loss | 4.63 | 8,779 | 15,691 | 43,119 | 67,589 |
| Total assets | | 9,265 | 15,691 | 43,520 | 68,476 |
| Financial liabilities | | | | | |
| Distributions payable | | - | - | 770 | 770 |
| Redemptions payable | | - | - | 209 | 209 |
| Payables | | - | - | 121 | 121 |
| Total liabilities | | - | - | 1,100 | 1,100 |
| Net assets attributable to unitholders | | 9,265 | 15,691 | 42,420 | 67,376 |

7 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

| 30 June 2023 | Weighted average interest rate (% pa) | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non- interest bearing \$'000 | Total \$'000 |
|--|--|--|-------------------------------------|---------------------------------------|-----------------|
| Financial assets | | | | | |
| Cash and cash equivalents | | 621 | - | - | 621 |
| Applications receivables | | - | - | 16 | 16 |
| Receivables | | - | - | 1,775 | 1,775 |
| Financial assets at fair value through profit or loss | 4.36 | 10,591 | 23,287 | 42,975 | 76,853 |
| Total assets | | <u>11,212</u> | <u>23,287</u> | <u>44,766</u> | <u>79,265</u> |
| Financial liabilities | | | | | |
| Distributions payable | | - | - | 778 | 778 |
| Redemptions payable | | - | - | 294 | 294 |
| Payables | | - | - | 717 | 717 |
| Total liabilities | | <u>-</u> | <u>-</u> | <u>1,789</u> | <u>1,789</u> |
| Net assets attributable to unitholders | | <u>11,212</u> | <u>23,287</u> | <u>42,977</u> | <u>77,476</u> |

Sensitivity analysis

The following table summarises the sensitivity of the Scheme's operating profit/(loss) and net assets attributable to unitholders to interest rate risk and price risk. The possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Scheme'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 Scheme 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/(loss)/Net assets attributable to unitholders | | | |
|---------------------|--|---|-----------------------------------|-----------------------------------|
| | Price risk | | Interest rate risk | |
| | -3% (Bloomberg AusBond Bank Bill Index) \$'000 | +3% (Bloomberg AusBond Bank Bill Index) \$'000 | -100bps Variable \$'000 | +100bps Variable \$'000 |
| 30 June 2024 | (1,292) | 1,292 | 860 | (860) |
| 30 June 2023 | (1,289) | 1,289 | 1,194 | (1,194) |

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonably possible shift in assumptions.

7 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

Credit risk is controlled by restricting investments to high quality counterparties. The creditworthiness of all counterparties to the Scheme's list of investments is regularly reviewed. Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. No assets of the Scheme were impaired at 30 June 2024 or 30 June 2023, and as a result credit risk is not considered to be a significant risk to the Scheme.

The Scheme invests in interest bearing securities which have credit ratings as rated by well-known agencies. For unrated interest bearing securities a rating is assigned by the Responsible Entity using an approach that is consistent with the approach used by rating agencies.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of debt securities for the Scheme by rating is set out in the table below:

| 30 June 2024 | AAA to A- \$'000 | BBB+ to B- \$'000 | Others \$'000 | Total \$'000 |
|---|---------------------|----------------------|------------------|-----------------|
| Interest bearing securities | | | | |
| Floating rate notes and convertible instruments | 1,566 | 6,716 | 1,009 | 9,291 |
| Fixed interest securities | 9,766 | 4,641 | 1,284 | 15,691 |
| | 11,332 | 11,357 | 2,293 | 24,982 |
| | | | | |
| 30 June 2023 | AAA to A- \$'000 | BBB+ to B- \$'000 | Others \$'000 | Total \$'000 |
| Floating rate notes and convertible instruments | 748 | 10,091 | 500 | 11,339 |
| Fixed interest securities | 18,946 | 4,341 | - | 23,287 |
| | 19,694 | 14,432 | 500 | 34,625 |

Credit risk on the Scheme's other financial assets is not considered to be material.

(i) 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 purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A-1 or higher as determined by Standard & Poor's (S&P) (2023: A-1).

In accordance with the Scheme's policy, the Scheme's cash position is monitored on a daily basis.

7 Financial risk management (continued)

(b) Credit risk (continued)

(iii) Other

The clearing and depository operations for the Scheme's security and derivatives transactions are mainly concentrated with one counterparty, Citigroup Pty Ltd. Citigroup Pty Ltd is a member of a major securities exchange, and at 30 June 2024 had a credit rating of A (S&P) (2023: A (S&P) and A3 (Moody's)). At 30 June 2024, substantially all cash and cash equivalents, balances due from broker and investments are held in custody by Citigroup Pty Ltd.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due.

The Scheme is exposed to liquidity risk in the form of daily redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. The Scheme's listed securities are considered readily realisable, as they are listed on the Australian Securities Exchange.

All financial liabilities of the Scheme have contractual maturities of less than 12 months.

8 Fair value measurements

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

- Financial assets / liabilities at fair value through profit or loss (FVTPL).

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

(i) Fair value hierarchy

In accordance with AASB 9 *Financial Instruments*, the classification of financial assets is generally based on the business model in which a financial asset is managed and the characteristics of its contractual cash flows. The Scheme is an investment entity and as such its financial assets are classified as fair value through profit or loss.

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

8 Fair value measurements (continued)

(ii) Fair value measurement in an active market

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial instruments traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Such financial instruments are classified as level 1 on the fair value hierarchy.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities, listed unit trusts and convertible instruments. On a daily basis, the Responsible Entity measures the fair value of the Scheme's level 1 financial assets using independent pricing information obtained from the Scheme's appointed custodian, Citigroup Pty Ltd.

(iii) Fair value measurement in an inactive or unquoted market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data where it is available, and rely as little as possible on entity specific estimates. Such techniques include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar instruments, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2, and include unlisted unit trusts, fixed interest securities and floating rate notes. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

On a daily basis, the Responsible Entity measures the fair value of the Scheme's level 2 financial assets using independent pricing information obtained from the Schemes' appointed custodian, Citigroup Pty Ltd. Where the Scheme holds investments into other unlisted unit trusts the pricing information reflects the redemption value per unit as reported by the investment managers of the unlisted unit trusts.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. For financial assets classified at level 3 on the fair value hierarchy where prices are not readily available from independent pricing sources, such as zero priced securities, the Responsible Entity considers any material information compared to previously approved valuations through recommendations of the Responsible Entity's Valuation Working Group.

(iv) Recognised fair value measurements

The table below sets out the Scheme's financial assets and liabilities measured at fair value according to the fair value hierarchy at 30 June 2024 and 30 June 2023:

As at 30 June 2024

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|--|-------------------|-------------------|-------------------|-----------------|
| Financial assets at fair value through profit or loss | | | | |
| Listed equities | 3,879 | - | - | 3,879 |
| Listed unit trusts | 6,446 | - | - | 6,446 |
| Unlisted unit trusts | - | 32,282 | - | 32,282 |
| Floating rate notes and convertible instruments | 512 | 8,779 | - | 9,291 |
| Fixed interest securities | - | 15,691 | - | 15,691 |
| Total financial assets at fair value through profit or loss | 10,837 | 56,752 | - | 67,589 |

8 Fair value measurements (continued)

(iv) Recognised fair value measurements (continued)

As at 30 June 2023

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| Financial assets at fair value through profit or loss | | | | |
| Unlisted unit trusts | - | 42,227 | - | 42,227 |
| Floating rate notes and convertible instruments | 748 | 10,591 | - | 11,339 |
| Fixed interest securities | - | 23,287 | - | 23,287 |
| Total financial assets at fair value through profit or loss | <u>748</u> | <u>76,105</u> | <u>-</u> | <u>76,853</u> |

The Scheme did not hold any level 3 financial instruments as at 30 June 2024 (30 June 2023: Nil).

There were no transfers between levels for recurring fair value measurements during the year ended 30 June 2024 (30 June 2023: Nil).

9 Remuneration of auditors

During the year the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Scheme:

| | Year ended 30 June 2024 \$ | 30 June 2023 \$ |
|---|-------------------------------------|-----------------------|
| <i>Audit and other assurance services</i> | | |
| Audit and review of financial statements | 15,620 | 12,980 |
| Other assurance services | 5,005 | 4,675 |
| Total remuneration for audit and other assurance services | <u>20,625</u> | <u>17,655</u> |
| Total remuneration* | <u>20,625</u> | <u>17,655</u> |

* The fees disclosed above are GST inclusive.

10 Income from financial instruments

| | 30 June 2024 | | | Year ended | | | 30 June 2023 | | |
|--|------------------------------|------------------|----------------------|------------------------------|------------------|----------------------|------------------------------|------------------|----------------------|
| | Average balance \$'000 | Income \$'000 | Average rate % | Average balance \$'000 | Income \$'000 | Average rate % | Average balance \$'000 | Income \$'000 | Average rate % |
| Interest income from Fixed interest securities | 17,563 | 650 | 3.70 | 23,871 | 729 | 3.06 | | | |
| Interest income from Floating rate notes | 9,693 | 705 | 7.27 | 9,739 | 551 | 5.66 | | | |
| Dividends/Trust Distributions | - | 5,816 | - | - | 2,465 | - | | | |
| Total | | <u>7,171</u> | | | <u>3,745</u> | | | | |

This table shows the average balance and income for each financial instrument class. For those interest bearing assets, the average interest rate is also shown.

11 Related party transactions

Key management personnel unitholdings

At 30 June 2024 no key management personnel held units in the Scheme (2023: Nil).

Key management personnel compensation

The directors of the Responsible Entity have been paid by a related party of the Responsible Entity. Payments made from the Scheme to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel.

Responsible Entity's fees and other transactions

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Scheme and the Responsible Entity were as follows:

| | 30 June 2024 \$ | 30 June 2023 \$ |
|------------------------------------|-----------------------|-----------------------|
| Responsible Entity's fees* earned | 409,391 | 357,924 |
| Responsible Entity's fees* payable | 120,995 | 134,941 |

* Includes amounts paid to the Responsible Entity for third party expenses it has incurred, for which it is entitled to be reimbursed.

Investments in unlisted unit trust

Holdings of the Scheme in other related parties, including those under management of the Responsible Entity

| | Fair value of investment | | Interest held | | Distributions received/receivable | | Units acquired during the year | | Units disposed during the year | |
|--|--------------------------|------------|---------------|-----------|-----------------------------------|------------|--------------------------------|-------------|--------------------------------|-------------|
| | 2024 \$ | 2023 \$ | 2024 % | 2023 % | 2024 \$ | 2023 \$ | 2024 No. | 2023 No. | 2024 No. | 2023 No. |
| Yarra Australian Real Assets Securities Fund | - | 10,708,231 | - | 72.25 | 3,729,624 | 1,298,177 | 4,068,677 | 8,851,311 | 20,670,585 | 6,286,660 |
| Yarra Cash Reserves Fund | 19,955,578 | 18,568,316 | 18.61 | 20.43 | 905,699 | 531,625 | 21,887,263 | 6,986,485 | 20,500,000 | 7,500,000 |
| Yarra Higher Income Fund | 12,326,141 | 12,950,625 | 15.84 | 27.54 | 673,027 | 558,290 | 738,608 | 1,010,971 | 1,899,107 | 536,596 |

Distributions received/receivable includes an amount of \$122,151 (2023: \$1,246,459) in respect of the above investment schemes which remains unpaid at the end of the reporting period.

12 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Scheme, the results of the Scheme's operations or the Scheme's state of affairs for the year ended 30 June 2024 or in future financial years.

13 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the annual financial report and notes set out on pages 7 to 23 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 Scheme's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Edward Eason
Director

Melbourne
26 September 2024

Independent Auditor's Report to the Unitholders of Yarra Income Plus Fund

Opinion

We have audited the financial report of Yarra Income Plus Fund (the "Scheme") which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the annual financial report, including material accounting policy information and other explanatory information, and the Directors' declaration.

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

- Giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its financial performance for the year 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 Scheme in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of Yarra Funds Management Limited (the "Responsible Entity"), 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.

Other Information

The Directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the information included in the Directors' report for the year 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 in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Scheme in accordance with Australian Accounting Standards;
- and for such internal control as the Directors determine is necessary to enable the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Scheme, 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 Scheme 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 Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme'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 Scheme'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 Scheme 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.

A stylized, handwritten signature of "Deloitte Touche Tohmatsu" in a light grey color, enclosed within a light grey rectangular box.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Kuziow".

Adam Kuziow
Partner
Chartered Accountants
Melbourne, 26 September 2024