

Warakirri Concentrated Australian Equities Fund

ARSN 642 392 041

Annual Report - 30 June 2023

Warakirri Concentrated Australian Equities Fund

Annual Report – 30 June 2023

| Contents | Page |
|--|------|
| Directors' report | 2 |
| Auditor's independence declaration | 5 |
| Statement of profit or loss and other comprehensive income | 6 |
| Statement of financial position | 7 |
| Statement of changes in equity | 8 |
| Statement of cash flows | 9 |
| Notes to the financial statements | 10 |
| Directors' declaration | 24 |
| Independent auditor's report to the unitholders of Warakirri Concentrated Australian Equities Fund | 25 |

This financial statements covers Warakirri Concentrated Australian Equities Fund as an individual entity.

Directors' report

Warakirri Asset Management Ltd, the Responsible Entity of the Warakirri Concentrated Australian Equities Fund ("the Trust"), presents its report together with the financial statements of the Trust, for the financial year ended 30 June 2023 and the auditor's report thereon.

Principal activities

The Trust's investment strategy is investing in Australian equities and seeking to outperform an after-tax benchmark based on the S&P/ASX 300 Accumulation Index after fees over time.

The Investment Manager for the Trust is Northcape Capital Pty Ltd.

During the year the Trust continued to invest in accordance with the Product Disclosure Statement and the provisions of the Trust's Constitution.

The Trust was registered with the Australian Securities and Investments Commission as a registered managed investment scheme with assigned an Australian Registered Scheme Number (ARSN) of 642 392 041.

The Custodian for the Trust is Citigroup Pty Ltd.

The Trust did not have any employees during the year.

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

Directors

The following persons held office as directors of Warakirri Asset Management Ltd during the year or since the end of the year and up to the date of this report:

| | |
|----------------|--|
| JA Tongs | Chairman |
| JW McKay | Managing Director |
| PJ Promnitz | Non-Executive Director (Resigned 31 December 2022) |
| DJ Mangelsdorf | Non-Executive Director |
| WJ Lee | Non-Executive Director (Appointed 13 July 2022) |

Review and results of operations

The Trust returned 14.05% for the financial year ended 30 June 2023 on a before-tax (2022: -2.73% on an before-tax basis), underperforming the Trust's before-tax benchmark by 0.35% (2022: underperforming the Trust's before-tax benchmark by 4.05%). The after-tax return includes the benefit of imputation credits.

Results

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

| | Year ended | |
|---|-------------------------|-----------------|
| | 30 June 2023 | 30 June 2022 |
| Profit/(loss) for the year (\$'000) | <u>5,005</u> | <u>(879)</u> |
| <i>Distributions</i> | | |
| Distributions paid and payable (\$'000) | <u>989</u> | <u>1,770</u> |
| Distributions (cents per unit) | <u>4.17</u> | <u>5.75</u> |

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 Trust that occurred during the financial year under audit.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may have a significant effect on:

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

Likely developments and expected results of operations

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

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

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of Warakirri Asset Management Ltd or the auditor of the Trust. So long as the officers of Warakirri Asset Management Ltd act in accordance with the Trust's Constitution and the law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

Fees paid from the Trust to the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in note 12 to the financial statements.

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

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 to the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in note 7 to the financial statements.

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

Directors' report (continued)

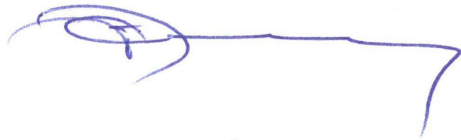
Rounding of amounts to the nearest thousand dollars

The Trust is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, 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 5.

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



JW McKay
Managing Director

Melbourne
19 September 2023

19 September 2023

The Board of Directors
Warakirri Concentrated Australian Equities Fund
Level 17, 140 William St
MELBOURNE VIC 3000

Dear Board Members

Auditor's Independence Declaration to Warakirri Concentrated Australian Equities 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 Warakirri Concentrated Australian Equities Fund.

As lead audit partner for the audit of the financial statements of Warakirri Concentrated Australian Equities Fund for the financial year ended 30 June 2023, 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



Lani Cockrem
Partner
Chartered Accountants

Warakirri Concentrated Australian Equities Fund
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

Statement of profit or loss and other comprehensive income

| | | Year ended | |
|--|--------------|-------------------|----------------|
| | | 30 June | 30 June |
| | | 2023 | 2022 |
| | Notes | \$'000 | \$'000 |
| Investment income | | | |
| Dividend and distribution income | | 1,426 | 1,612 |
| Interest income | 3 | 10 | — |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 4 | 3,972 | (1,931) |
| Other operating income | | 12 | 13 |
| Total net investment income/(loss) | | 5,420 | (306) |
| Operating expenses | | | |
| Responsible Entity's fees | 5 | 312 | 440 |
| Transaction costs | | 25 | 30 |
| Other operating expenses | | 78 | 103 |
| Total operating expenses | | 415 | 573 |
| Profit/(loss) for the year | | 5,005 | (879) |
| Operating profit/(loss) attributable to: | | | |
| Unitholders | | 5,005 | (879) |
| Operating profit/(loss) for the year | | 5,005 | (879) |
| Total comprehensive income attributable to: | | | |
| Unitholders | | 5,005 | (879) |
| Total comprehensive income for the year | | 5,005 | (879) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Warakirri Concentrated Australian Equities Fund
Statement of financial position
As at 30 June 2023

Statement of financial position

| | | Year ended | |
|---|--------------|----------------------|----------------|
| | | 30 June | 30 June |
| | | 2023 | 2022 |
| | Notes | \$'000 | \$'000 |
| Assets | | | |
| Cash and cash equivalents | 13(b) | 320 | 346 |
| Trade and other receivables | 9 | 244 | 267 |
| Due from brokers - receivable for securities sold | | 204 | – |
| Listed equities at fair value through profit or loss | 11(f) | 34,808 | 41,901 |
| Total assets | | <u>35,576</u> | <u>42,514</u> |
| Liabilities | | | |
| Payables for securities purchased | | 207 | 7 |
| Trade and other payables | 10 | 49 | 295 |
| Total liabilities | | <u>256</u> | <u>302</u> |
| Net assets | | <u>35,320</u> | <u>42,212</u> |
| Unitholders' funds and undistributed income and reserves | 7 | <u>35,320</u> | <u>42,212</u> |

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

Warakirri Concentrated Australian Equities Fund
Statement of changes in equity
For the year ended 30 June 2023

Statement of changes in equity

| | | Year ended | |
|---|-------|-------------------|----------------|
| | | 30 June | 30 June |
| | | 2023 | 2022 |
| | Notes | \$'000 | \$'000 |
| Balance at the beginning of the year | | 42,212 | 51,510 |
| Comprehensive income for the year | | | |
| Net income/(loss) for the year | | 5,005 | (879) |
| Other comprehensive income | | — | — |
| Total comprehensive income/(loss) for the year | | 47,217 | (879) |
| Transactions with unitholders | | | |
| Unit applications | | 29 | 330 |
| Unit redemptions | | (11,521) | (8,428) |
| Units issued upon reinvestment of distributions | | 584 | 1,449 |
| Distributions paid or payable | 8 | (989) | (1,770) |
| Total transactions with unitholders | | (11,897) | (8,419) |
| Balance at the end of the year | | 35,320 | 42,212 |

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

Warakirri Concentrated Australian Equities Fund
Statement of cash flows
For the year ended 30 June 2023

Statement of cash flows

| | | Year ended | |
|--|-------|-------------------|----------------|
| | | 30 June | 30 June |
| | | 2023 | 2022 |
| | Notes | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Proceeds from sale of financial instruments at fair value through profit or loss | | 23,785 | 25,190 |
| Purchase of financial instruments at fair value through profit or loss | | (12,725) | (18,447) |
| Dividends and distributions received | | 1,447 | 1,597 |
| Transaction cost | | (25) | (30) |
| Other income received | | 10 | 13 |
| Responsible Entity's fees paid | | (317) | (455) |
| GST received | | 2 | – |
| Payment of other expenses | | (67) | (95) |
| Net cash flows from/(used in) operating activities | 13(a) | 12,110 | 7,773 |
| Cash flows from financing activities | | | |
| Proceeds from applications by unitholders | | 29 | 330 |
| Payments for redemptions by unitholders | | (11,521) | (8,513) |
| Distributions paid | | (644) | (72) |
| Net cash flows from/(used in) financing activities | | (12,136) | (8,255) |
| Net change in cash and cash equivalents | | (26) | (482) |
| Cash and cash equivalents at the beginning of the year | | 346 | 828 |
| Cash and cash equivalents at the end of the year | 13(b) | 320 | 346 |

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

1 General information

These financial statements covers Warakirri Concentrated Australian Equities Fund ("the Trust") as an individual entity. The Trust was constituted on 4 April 1996. The Trust will terminate on 3 April 2076 unless terminated earlier in accordance with the provisions of the Trust's Constitution.

The Responsible Entity of the Trust is Warakirri Asset Management Ltd. The Responsible Entity's registered office is Level 17, 140 William Street, Melbourne VIC 3000. The financial statement is presented in Australian dollars.

The Trust invests predominantly in ethically focused Australian listed equities.

The financial statements were authorised for issue by the directors on 19 September 2023. The directors of the Responsible Entity have the power to amend and reissue the annual financial statements.

2 Summary of significant 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 years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) issued by the Australian Accounting Standards Board (AASB).

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

The Trust is a for-profit entity.

Compliance with International Financial Reporting Standards

The financial statements of the Trust also complies with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board (IASB).

(b) Financial instruments

(i) Classification

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

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

The Trust's investments are classified as financial assets at fair value through profit or loss. They comprise financial instruments at fair value through profit or loss upon initial recognition.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

These include financial assets that are not held for trading purposes and which may be sold. These are investments in equity instruments.

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

The Trust's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information, as such equity securities are measured at fair value.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments 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.

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 (due to brokers, distributions payable, management fees payable, applications received in advance, audit and tax fees payable, administration fees payables and custodian fees payable).

(ii) Recognition/derecognition

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

Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities at fair value through profit or loss

Details on how the fair values of financial instruments are determined is disclosed in note 11(e).

(c) Redeemable units

All units issued by the Trust are redeemable in accordance with the provisions of the Trust's Constitution for cash equal to a proportionate share of the Trust's net asset value less an allowance for disposal costs, see note 2(l). The Trust is contractually obliged to redeem units at redemption price at the date of redemption.

(d) Cash and cash equivalents

For statement of cash flows presentation purposes, 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 movements in the fair value of these securities represent the Trust's main income generating activity.

2 Summary of significant accounting policies (continued)

(e) Investment income

Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues.

Dividend income is recognised in the statement of profit or loss and other comprehensive income on the ex-dividend date.

Trust distributions are recognised on an entitlements basis. Other operating income is recognised as it accrues.

(f) Expenses

All expenses, including external manager and performance fees, are recognised in the statement of profit or loss and other comprehensive income on an accruals basis. Responsible Entity's fees were recognised in the statement of profit or loss and other comprehensive income from 1 January 2018 following an amendment to the Trust Deed.

(g) Income tax

Under the AMIT regime, the Trust is not subject to income tax provided the taxable income of the Trust is fully attributed to unitholders each year.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

The Trust may incur withholding tax, imposed by certain countries, on investment income. Such income is recorded net of withholding tax in the statement of profit or loss and other comprehensive income.

(h) Distributions

In accordance with the Trust's Constitution and at the Responsible Entity discretion, the Trust distributes its income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment.

Distributions, where investors have not elected to receive distributions in cash, are reinvested and classified as unitholders' funds.

(i) Transfer to undistributed income

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the reconciliation of profit as a transfer to undistributed income.

These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

(j) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e) above.

2 Summary of significant accounting policies (continued)

(j) Receivables (continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on 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 Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the impairment loss is recognised in profit or loss within other operating 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 operating expenses in profit or loss.

(k) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at balance date.

Investment trades are recorded on trade date, and normally settled within two business days. Purchases of financial instruments that are unsettled at the reporting date are included in payables.

The distribution amount payable to unitholders as at the balance date is recognised in the statement of financial position.

(l) Applications and redemptions

Applications received for units in the Trust are recorded at an entry price. The entry price includes a premium over the unit price which reflects the cost of investing to the Trust. Redemptions from the Trust are recorded at redemption price. The redemption price includes an allowance for transaction costs that would be incurred by the Trust on disposal of its assets required to fund the redemptions.

(m) Goods and Services Tax ("GST")

The GST incurred on the costs of various services provided to the Trust by third parties such as investment management fees have been passed on to the Trust. The Trust qualifies for Reduced Input Tax Credits ("RITC") hence investment management fees and other expenses have been recognised in the statement of profit or loss and other comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts 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. GST is not payable in respect of the acquisition, disposal or withdrawal of units, nor in respect of any distributions paid by the Trust.

(n) Foreign currency translation

(i) Functional and presentation currency

Items included in the Trust'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 Trust competes for funds and is regulated. The Australian dollar is also the Trust'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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income.

2 Summary of significant accounting policies (continued)

(n) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

The Trust does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(o) New accounting standards and interpretations

There are no new accounting standards that are not yet effective and that would be expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

(p) Use of estimates and judgements

The Trust makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. 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.

For the majority of the Trust's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, 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 Investment 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.

Please see note 11 for more information on credit risk.

For more information on how fair value is calculated refer to note 11 to the financial statements.

(q) Going concern

The Responsible Entity of the Trust remains of the opinion that the Trust can continue as a going concern considering its underlying investments are fully liquid and diversified and will be able to meet redemption requests as per the Trust's Product Disclosure Statement ("PDS").

The financial statements have therefore been prepared on a going concern basis.

(r) Rounding of amounts

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

3 Interest income

| | Year Ended | |
|------------------------|-----------------|-----------------|
| | 30 June 2023 | 30 June 2022 |
| | \$'000 | \$'000 |
| Cash and cash deposits | 10 | — |
| Total | 10 | — |

4 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) arising from changes in the fair value measurement comprise:

| | Year ended | |
|---|-----------------|-----------------|
| | 30 June 2023 | 30 June 2022 |
| | \$'000 | \$'000 |
| Net realised gains/(loss) on financial assets at fair value through profit or loss | 3,257 | 5,261 |
| Net unrealised gains/(loss) on financial assets at fair value through profit or loss | 715 | (7,192) |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 3,972 | (1,931) |

5 Indirect cost ratio (ICR)

The ICR calculation includes fees charged to the Trust during the financial year, and Responsible Entity's fees charged directly to the unitholder for management of the assets.

Expenses excluded from the ICR calculation are those that would ordinarily have been incurred by a direct investment in the underlying assets of the Trust, such as brokerage, transaction costs and government taxes.

Audit fees and custody fees are borne by the Trust, however, these fees are currently capped by the Responsible Entity at 0.20% of average net assets per annum and are separately identified in the statement of profit or loss and other comprehensive income as other operating expenses.

External managers management and performance fees are nil due to the fees being paid to the Responsible Entity in the current year.

| | Year ended | |
|---|-------------------|-------------------|
| | 30 June 2023 | 30 June 2022 |
| | \$'000 | \$'000 |
| Capped ICR related expenses incurred directly | 78 | 102 |
| Responsible Entity management fees incurred directly | 312 | 408 |
| Responsible Entity performance fees incurred directly | — | 33 |
| Total ICR related expenses | 390 | 543 |
| Average net assets | 37,391 | 49,176 |
| | % | % |
| ICR - before performance fees | 1.04 | 1.04 |
| ICR - after performance fees | 1.04 | 1.10 |

The ICR of the Trust is calculated using average net assets on a monthly basis.

6 Auditor's remuneration

Audit fees of \$12,807 (2022: \$11,859) were paid by the Responsible Entity under the fee cap arrangement described in note 5.

Audit services were provided by Deloitte Touche Tohmatsu.

7 Equity

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Trust classifies the net assets attributable to unitholders as equity as they satisfy the following criteria:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Trust's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and the class features are identical;
- no contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Trust, and it is not a contract settled in the Trust's own equity instrument; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The objective of the Trust is to provide unitholders with after-tax returns in excess of an after-tax benchmark based on the S&P/ASX 300 Accumulation Index after fees over time. The Trust aims to deliver this objective by investing in Australian equities.

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

Movements in number of units and equity during the year were as follows:

| | Year ended | | | |
|--------------------------------|------------------------------|------------------------------|---------------------------|---------------------------|
| | 30 June 2023 Units'000 | 30 June 2022 Units'000 | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
| Equity | | | | |
| Opening balance | 29,745 | 33,993 | 42,212 | 51,510 |
| Applications | 19 | 207 | 29 | 330 |
| Redemptions | (7,711) | (5,407) | (11,521) | (8,428) |
| Distributions reinvested | 407 | 952 | 584 | 1,449 |
| Distributions paid and payable | – | – | (989) | (1,770) |
| Profit/(loss) for the year | – | – | 5,005 | (879) |
| Closing balance | 22,460 | 29,745 | 35,320 | 42,212 |

8 Distributions to unitholders

The distributions for the year were as follows:

| | Year ended | | | |
|--------------------------------|---------------------------|------------------------|---------------------------|------------------------|
| | 30 June 2023 \$'000 | 30 June 2023 CPU | 30 June 2022 \$'000 | 30 June 2022 CPU |
| Distributions | | | | |
| Distributions paid - September | 595 | 2.47 | 566 | 1.77 |
| Distributions paid - December | 143 | 0.59 | 61 | 0.19 |
| Distributions paid - March | 202 | 0.89 | 368 | 1.15 |
| Distributions payable - June | 49 | 0.22 | 775 | 2.64 |
| Total | 989 | | 1,770 | |

9 Receivables

| | Year ended | |
|------------------------------------|---------------------------|---------------------------|
| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
| Dividends/distributions receivable | 237 | 258 |
| Other receivables | 7 | 9 |
| Total receivables | 244 | 267 |

10 Payables

| | Year ended | |
|-----------------------|---------------------------|---------------------------|
| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
| Other creditors | 30 | 36 |
| Distributions payable | 19 | 259 |
| Total payables | 49 | 295 |

11 Financial risk management

The Trust's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Trust's exposure to credit risk is monitored on an ongoing basis.

The Trust's overall risk management programme focuses on ensuring compliance with the Trust's Constitution and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. Financial risk management is carried out by the investment management department under policies approved by the Board of Directors of the Responsible Entity (the Board).

The table at Note 11 (d) summarises the sensitivities of the Trust's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Trust invests moves by +/-10% (2022: +/-10%).

The Trust uses different methods to measure different types of risk to which it is exposed.

(a) 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 under a contract.

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired, nor past due but not impaired, at the reporting date.

The Trust is not exposed to any single significant counterparty.

At 30 June, the following financial assets were exposed to credit risk: cash and cash equivalents, trade receivables and other receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

The Trust's Constitution allows for monthly applications and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at this time.

The Trust primarily holds investments that are traded in an active market and can be readily disposed of.

The Trust's listed securities are considered readily realisable as they are listed on the Australian Securities Exchange.

Other creditors, settlements and redemptions payable, are due and payable within 30 days.

11 Financial risk management (continued)

(b) Liquidity risk (continued)

| | Carrying amount \$'000 | Contractual cash flows less than 6 months \$'000 |
|-----------------------------------|------------------------------|---|
| 30 June 2023 | | |
| Liabilities | | |
| Payables for securities purchased | 207 | 207 |
| Trade and other payables | 49 | 49 |
| Total | 256 | 256 |
| | | |
| | Carrying amount \$'000 | Contractual cash flows less than 6 months \$'000 |
| 30 June 2022 | | |
| Liabilities | | |
| Payables for securities purchased | 7 | 7 |
| Trade and other payables | 295 | 295 |
| Total | 302 | 302 |

(c) Market risk

Market risk is the risk that changes in market prices (price risk) and market interest rates (interest rate risk) will affect the Trust's income or the value of its holdings of financial instruments. Market risk embodies the potential for both loss and gain. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on that risk.

(i) Price risk

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Trust's financial instruments are carried at fair value with fair value changes recognised in the statement of profit or loss and other comprehensive income, changes in market conditions will affect investment income.

The Investment Manager mitigate this price risk through diversification and a careful selection of securities and other financial instruments.

The table in the summarised sensitivity analysis illustrates the effect on profit attributable to unitholders and unitholders' funds at 30 June from a reasonable change in prices.

11 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Trust's financial assets and liabilities are non-interest bearing. As a result, the Trust is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The interest rate risk exposure on these balances is immaterial.

(d) Summarised sensitivity analysis

The following table illustrates the effect on profit for the year and unitholders' funds from possible changes in price risk that were reasonably possible based on the risk the Trust was exposed to at reporting date.

| | Impact on operating profit/unitholders' fund | |
|--------------|--|--------|
| | Price risk | |
| | -10% | +10% |
| | \$'000 | \$'000 |
| 30 June 2023 | (3,481) | 3,481 |
| 30 June 2022 | (4,190) | 4,190 |

(e) Fair value estimation

Investments included in the statement of financial position are carried at fair value.

Financial assets and liabilities held at fair value through profit or loss are measured initially at cost excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at the last sale/traded price.

11 Financial risk management (continued)

(f) Fair value hierarchy

The Trust 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 following tables set out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June.

| As at 30 June 2023 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|-------------------------------|-------------------|-------------------|-------------------|-----------------|
| Financial assets | | | | |
| Equities securities | 34,808 | — | — | 34,808 |
| Total financial assets | 34,808 | — | — | 34,808 |

| As at 30 June 2022 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|-------------------------------|-------------------|-------------------|-------------------|-----------------|
| Financial assets | | | | |
| Equities securities | 41,901 | — | — | 41,901 |
| Total financial assets | 41,901 | — | — | 41,901 |

There were no transfers between levels 1 and 2 during the year.

There were no financial assets or financial liabilities classified as level 3 during the year.

(g) Capital management

The Trust's policy is to maintain a strong capital base so as to maintain unitholder confidence, and to continue as a going concern.

The Trust's overall strategy remains unchanged from the prior year.

The Trust is not subject to externally imposed capital requirements.

12 Related party transactions

Responsible Entity

The Responsible Entity of Warakirri Concentrated Australian Equities Fund is Warakirri Asset Management Ltd.

Responsible Entity's fees and other transactions

For the year ended 30 June 2023, in accordance with the provisions of the Trust's Constitution and the respective unit class terms contained in the Product Disclosure Statement of the Trust, the Responsible Entity received a total fee in relation to the market value of the Trust.

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

| | Year ended | |
|-------------------------------------|-----------------|-----------------|
| | 30 June 2023 | 30 June 2022 |
| | \$ | \$ |
| Management fees for the year | 312,048 | 408,070 |
| Performance fees for the year | — | 32,407 |
| Management fees payable at year end | 23,784 | 29,089 |

Key management personnel compensation

Key management personnel are paid by Warakirri Asset Management Ltd. Payments made from the Trust to Warakirri Asset Management Ltd do not include any amounts attributable to the compensation of key management personnel.

Any investment by key management personnel into the Trust is under the same standard terms for investors stipulated in the information memorandum. There are no other transactions with key management personnel.

13 Reconciliation of cash flows from operating activities

| | Year ended | |
|---|-----------------|-----------------|
| | 30 June 2023 | 30 June 2022 |
| | \$'000 | \$'000 |
| (a) Reconciliation of cash flows from operating activities | | |
| Operating profit/(loss) for the year | 5,005 | (879) |
| Net (gains)/losses on financial instruments held at fair value through profit or loss | (3,972) | 1,931 |
| Purchase of financial instruments at fair value through profit or loss | (12,725) | (18,447) |
| Proceeds from sale of financial instruments held at fair value through profit or loss | 23,785 | 25,190 |
| Net change in trade and other receivables | 23 | (15) |
| Net change in trade and other payables | (6) | (7) |
| Net cash flows from/(used in) operating activities | 12,110 | 7,773 |

13 Reconciliation of cash flows from operating activities (continued)

| | Year ended | |
|--|---------------------------|---------------------------|
| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
| (b) Components of cash and cash equivalents | | |
| Cash at the end of the year as shown in the statement of cash flows is reconciled to the statement of financial position as follows: | | |
| Cash and cash equivalents | 320 | 346 |
| | <u>320</u> | <u>346</u> |

(c) Non-cash financing and investing activities

| | | |
|---|-----|-------|
| During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan or through redemptions | 584 | 1,449 |
|---|-----|-------|

As described in note 2(i), income not distributed is included in transfers to unitholders' funds. The change in this amount each year (as reported in (c) above) represents a non-cash financing activity as it is not settled in cash until such time as it becomes distributable.

14 Events occurring after the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Trust, the results of the Trust, or the state of affairs of the Trust in future financial years.

15 Contingent assets and liabilities and commitments

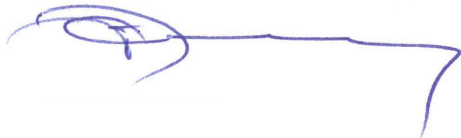
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 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) give a true and fair view of the Trust's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Trust 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.

A handwritten signature in blue ink, appearing to read 'JW McKay', with a long horizontal line extending to the right.

Mr JW McKay
Director

Melbourne
19 September 2023

Independent Auditor's Report to the Members of Warakirri Concentrated Australian Equities Fund

Opinion

We have audited the financial report of Warakirri Concentrated Australian Equities Fund (the "Trust") which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Trust's financial position as at 30 June 2023 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 Trust 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 Company, 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 are responsible for the other information. The other information comprises Directors' report for the year ended 30 June 2023, 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 of the Company 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 Trust 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 Trust 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 Trust'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 Trust'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 Trust 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Trusts or business activities within the Trust to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Trust's audit. We remain solely responsible for our audit opinion.

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 handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "Lani Cockrem".

Lani Cockrem
Partner
Chartered Accountants

Melbourne, 19 September 2023