

# **Warakirri Concentrated Australian Equities Fund**

ARSN 642 392 041

## **Annual Report - 30 June 2024**

# Warakirri Concentrated Australian Equities Fund

## Annual Report – 30 June 2024

<b>Contents</b>	<b>Page</b>
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	25
Independent auditor's report to the unitholders of Warakirri Concentrated Australian Equities Fund	26

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 2024 and the auditor's report thereon.

### Principal activities

The Trust's investment strategy is investing in Australian equities and seeking to outperform a before-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:

WJ Lee	Chairman (appointed as Chairman on 1 July 2024)
JA Tongs	Non-Executive Director (resigned as Chairman on 1 July 2024)
JW Mckay	Managing Director
DJ Mangelsdorf	Non-Executive Director

### Review and results of operations

The Trust returned 9.78% for the financial year ended 30 June 2024 on a before-tax (2023: 14.05% on a before-tax basis), underperforming the Trust's before-tax benchmark by 2.14% (2023: underperforming the Trust's before-tax benchmark by 0.35%).

#### Results

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

	<b>Year ended</b>	
	<b>30 June 2024</b>	30 June 2023
Operating profit/(loss) for the year (\$'000)	<u>3,575</u>	<u>5,005</u>
<i>Distributions - Class A</i>		
Distributions paid and payable (\$'000)	<u>728</u>	<u>989</u>
Distributions (cents per unit)	<u>3.25</u>	<u>4.17</u>
<i>Distributions - Class M</i>		
Distributions paid and payable (\$'000)	<u>248</u>	<u>—</u>
Distributions (cents per unit)	<u>0.78</u>	<u>—</u>

## Directors' report (continued)

### Significant changes in state of affairs

Following a detailed review in late 2023 to improve the competitiveness of the product, the annual total management fee for the Trust has been reduced from 1.03% to 0.91% along with the removal of the Trust's performance fee. In addition to this change, a second unit class M was added to the fund, which is not a retail client offer and only available to wholesale clients.

In the opinion of the directors, there were no other material 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 2024 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 2024

19 September 2024

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 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Lani Cockrem*

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 2024**

**Statement of profit or loss and other comprehensive income**

	Notes	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Investment income</b>			
Dividend and distribution income		1,454	1,426
Interest income	3	30	10
Net gains/(losses) on financial instruments at fair value through profit or loss	4	2,507	3,972
Other operating income		50	12
<b>Total net investment income/(loss)</b>		<u>4,041</u>	<u>5,420</u>
<b>Operating expenses</b>			
Responsible Entity's fees	5	368	312
Transaction costs		40	25
Other operating expenses		58	78
<b>Total operating expenses</b>		<u>466</u>	<u>415</u>
<b>Profit/(loss) for the year</b>		<u>3,575</u>	<u>5,005</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	8	(976)	–
Increase/(decrease) in net asset attributable to unitholders*	7	(2,599)	–
<b>Net profit for the year</b>		–	5,005
<b>Other comprehensive income for the year</b>			
Other comprehensive income for the year		–	–
<b>Total other comprehensive income for the year</b>		<u>–</u>	<u>5,005</u>

\*Net asset attributable to unitholders were classified from equity to liability during the current financial year.

As a result, the Trust's distributions are no longer classified as distributions paid in the statement of changes in equity, but rather as financing costs in the statement of profit or loss and other comprehensive income. Refer to Note 1 for further details.

*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 2024**

**Statement of financial position**

	Notes	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Assets</b>			
Cash and cash equivalents	13(b)	1,399	320
Trade and other receivables	9	464	244
Due from brokers - receivable for securities sold		110	204
Listed equities at fair value through profit or loss	11(f)	69,992	34,808
<b>Total assets</b>		<u>71,965</u>	<u>35,576</u>
<b>Liabilities</b>			
Payables for securities purchased		248	207
Trade and other payables	10	233	49
<b>Total liabilities</b>		<u>481</u>	<u>256</u>
<b>Net assets attributable to unitholders – equity*</b>	7	<u>–</u>	<u>35,320</u>
<b>Net assets attributable to unitholders – liability*</b>	7	<u>71,484</u>	<u>–</u>

\*Net assets attributable to unitholders are classified as liability as at 30 June 2024 and as equity as at 30 June 2023. Refer to Note 1 for further details.

*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 2024**

**Statement of changes in equity**

	Notes	Year ended	
		30 June 2024	30 June 2023
		\$'000	\$'000
<b>Total equity at the beginning of the year</b>		<b>35,320</b>	42,212
Reclassification of units reflecting issuance of new class*		<b>(35,320)</b>	–
<b>Comprehensive income for the year</b>			
Net income/(loss) for the year		–	5,005
Other comprehensive income		–	–
<b>Total comprehensive income/(loss) for the year</b>		<u>–</u>	<u>47,217</u>
<b>Transactions with unitholders</b>			
Unit applications	7	–	29
Unit redemptions	7	–	(11,521)
Units issued upon reinvestment of distributions	7	–	584
Distributions paid or payable	8	–	(989)
<b>Total transactions with unitholders</b>		<u>–</u>	<u>(11,897)</u>
<b>Balance at the end of the year</b>		<u>–</u>	<u>35,320</u>

\*On 7 February 2024, the Trust issued a new unit class M and became multi-class fund. Refer to Note 1 for further details.

As a result, the Trust has no equity and no items of changes in equity have been presented in the above statement for the year ended 30 June 2024.

*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 2024**

**Statement of cash flows**

		Year ended	
		30 June	30 June
		2024	2023
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		15,930	23,785
Purchase of financial instruments at fair value through profit or loss		(48,472)	(12,725)
Dividends and distributions received		1,295	1,447
Transaction cost		(40)	(25)
Other income received		30	10
Responsible Entity's fees paid		(351)	(317)
GST paid		(4)	2
Payment of other expenses		(11)	(67)
<b>Net cash flows from/(used in) operating activities</b>	13(a)	<b>(31,623)</b>	12,110
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		35,174	29
Payments for redemptions by unitholders		(2,050)	(11,521)
Distributions paid		(422)	(644)
<b>Net cash flows from/(used in) financing activities</b>		<b>32,702</b>	(12,136)
<b>Net change in cash and cash equivalents</b>		<b>1,079</b>	(26)
Cash and cash equivalents at the beginning of the year		<b>320</b>	346
<b>Cash and cash equivalents at the end of the year</b>	13(b)	<b>1,399</b>	320

*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 Australian listed equities.

The financial statements were authorised for issue by the directors on 19 September 2024. The directors of the Responsible Entity have the power to amend and reissue the annual financial statements.

On 7 February 2024, the Trust issued a new unit class M.

The Trustee has concluded that the units should be reclassified from equity to financial liabilities, as the Trust is now a multi-class fund and the units do not meet the requirements of equity in accordance with *AASB 132 Financial Presentation*, as outlined in Note 2(n).

## **2 Summary of material accounting policies**

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

### **(a) Basis of preparation**

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

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

#### *(i) 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).

#### *(ii) New and amended standards adopted by the Trust*

The Trust has applied the following standards and amendments for the first time for their financial year beginning 1 July 2023:

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

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but there is no impact on the measurement, recognition or presentation of any items in the Fund's financial statements.

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

#### *(iii) New standards and interpretations not yet adopted*

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

## 2 Summary of material accounting policies (continued)

### (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.

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 in each unit class issued by the Trust are redeemable in accordance with the provisions of the Trust's Constitution and the respective unit class terms contained in the Product Disclosure Statement each unit class of the Trust for cash equal to a proportionate share of each unit class's net asset value less an allowance for disposal costs, see Note 2(i). Units in each unit class may be redeemed at redemption price at the date of redemption in accordance with the provisions of the Trust's Constitution and the respective unit class terms contained in the Product Disclosure Statement of each unit class of the Trust.

## **2 Summary of material accounting policies (continued)**

### **(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.

### **(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.

### **(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.

## **2 Summary of material accounting policies (continued)**

### **(j) Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Interest income is accrued at the balance sheet date from the date of last payment, using the effective interest rate method. The impairment allowance for financial assets (other than those measured at fair value through profit and loss) is measured using the simplified approach based on its lifetime credit 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) Net assets attributable to unitholders – liability**

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

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

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercised the right to put the unit back to the Trust. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation*:

- The puttable financial instrument entitles the holder to a pro-rata share of the 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 class features are identical;
- The puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Trust, and it is not a contract settled in the Trust's own equity instruments; and
- The total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

## 2 Summary of material accounting policies (continued)

### (n) Net assets attributable to unitholders – liability (continued)

The units issued by the Trust do not meet the criteria due to there being separate classes of units that do not have identical features. Consequently, net assets attributable to unitholders are classified as financial liabilities.

### (o) Increase/decrease in net assets attributable to unitholders

Non-distributable income may consist of unrealized changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Movements in net assets attributable to unitholders are recognised in the statement of profit or loss and other comprehensive income as financing costs.

### (p) 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.

### (q) Use of estimates and judgements

In the process of preparing the financial statements of the Trust and in the application of the Trust'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 statements.

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.

### (r) 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.

### (s) 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 2024	30 June 2023
	\$'000	\$'000
Cash and cash deposits	30	10
<b>Total</b>	<b>30</b>	<b>10</b>

#### 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 2024 \$'000	30 June 2023 \$'000
Net realised gains/(loss) on financial assets at fair value through profit or loss	2,555	3,257
Net unrealised gains/(loss) on financial assets at fair value through profit or loss	(48)	715
<b>Net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>2,507</b>	<b>3,972</b>

#### 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 2024 \$'000	30 June 2023 \$'000
<b>Class A</b>		
Capped ICR related expenses incurred directly	58	78
Responsible Entity management fees incurred directly	299	312
Responsible Entity performance fees incurred directly	-	-
<b>Total ICR related expenses</b>	<b>357</b>	<b>390</b>
Average net assets	<b>36,618</b>	<b>37,391</b>
	%	%
ICR - before performance fees	<b>0.97</b>	1.04
ICR - after performance fees	<b>0.97</b>	1.04



## 5 Indirect cost ratio (ICR) (continued)

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>Class M</b>		
Capped ICR related expenses incurred directly	-	-
Responsible Entity management fees incurred directly	69	-
Responsible Entity performance fees incurred directly	-	-
<b>Total ICR related expenses</b>	<u>69</u>	<u>-</u>
 Average net assets	 <u>25,727</u>	 <u>-</u>
	%	%
ICR - before performance fees	0.27	-
ICR - after performance fees	0.27	-

The ICR of the Trust is calculated using average net assets on a monthly basis. The fund commenced on 20 February 2024 and represents 36% of financial year.

## 6 Auditor's remuneration

Audit fees of \$13,703 (2023: \$12,807) were paid by the Responsible Entity under the fee cap arrangement described in Note 5. The fees are stated exclusive of GST.

Audit services were provided by Deloitte Touche Tohmatsu.

## 7 Net assets attributable to unitholders - liability

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met.

As the Trust is a multi-class structure with non-identical features, the Trust's units do not meet the definition of equity. As such, the Trust's units have been classified as financial liability.

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

	Year ended		Year ended	
	30 June 2024 Units'000	30 June 2024 \$'000	30 June 2023 Units'000	30 June 2023 \$'000
<b>Class A</b>				
Opening balance	22,460	35,320	29,745	42,212
Applications	1,044	1,759	19	29
Redemptions	(751)	(1,217)	(7,711)	(11,521)
Distributions reinvested	276	444	407	584
Distributions paid and payable	-	-	-	(989)
Profit/(loss) for the year	-	-	-	5,005
Increase/(decrease) in net assets attributable to unitholders	-	2,664	-	-
<b>Closing balance</b>	<b>23,029</b>	<b>38,970</b>	<b>22,460</b>	<b>35,320</b>
<b>Class M</b>				
Opening balance	-	-	-	-
Applications	33,111	33,472	-	-
Redemptions	(889)	(893)	-	-
Distributions reinvested	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	(65)	-	-
<b>Closing balance</b>	<b>32,222</b>	<b>32,514</b>	<b>-</b>	<b>-</b>
<b>Total net assets attributable to unitholders – liability*</b>		<b>71,484</b>		<b>-</b>
<b>Total net assets attributable to unitholders – equity*</b>		<b>-</b>		<b>35,320</b>

\*As outlined in Note 1, unitholder funds have been reclassified from equity to financial liability.

As stipulated within the Trust's Trust Deed, 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. For the year ended 30 June 2024, there were two separate classes of units and each unit within the same class has the same rights attached to it as all other units with that class.

## 8 Distributions to unitholders

The distributions for the year were as follows:

	Year ended			
	30 June	30 June	30 June	30 June
	2024 \$'000	2024 CPU	2023 \$'000	2023 CPU
<b>Class A</b>				
Distributions paid - September	325	1.45	595	2.47
Distributions paid - December	180	0.81	143	0.59
Distributions paid - March	126	0.57	202	0.89
Distributions payable - June	97	0.42	49	0.22
<b>Total</b>	728		989	

	Year ended			
	30 June	30 June	30 June	30 June
	2024 \$'000	2024 CPU	2023 \$'000	2023 CPU
<b>Class M</b>				
Distributions paid - September	-	-	-	-
Distributions paid - December	-	-	-	-
Distributions paid - March	157	0.50	-	-
Distributions payable - June	91	0.28	-	-
<b>Total</b>	248		-	

## 9 Receivables

	Year ended	
	30 June	30 June
	2024 \$'000	2023 \$'000
Settlements receivable	57	-
Dividends/distributions receivable	396	237
Other receivables	11	7
<b>Total receivables</b>	464	244

## 10 Payables

	Year ended	
	30 June	30 June
	2024 \$'000	2023 \$'000
Settlements payable	60	-
Other creditors	44	30
Distributions payable	129	19
<b>Total payables</b>	233	49

## 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% (2023: +/-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.

### (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.

<b>30 June 2024</b>	<b>Carrying amount \$'000</b>	<b>At call \$'000</b>	<b>Contractual cash flows less than 3 months \$'000</b>
<b>Non-derivative financial liabilities</b>			
Trade and other payables	352	-	352
Distributions payable	129	-	129
Net assets attributable to unitholders - liability	71,484	71,484	-
<b>Total</b>	<b>71,965</b>	<b>71,484</b>	<b>481</b>

## 11 Financial risk management (continued)

### (b) Liquidity risk (continued)

30 June 2023	Carrying amount \$'000	At call \$'000	Contractual cash flows less than 3 months \$'000
Non-derivative financial liabilities			
Trade and other payables	237	-	237
Distributions payable	19	-	29
Net assets attributable to unitholders - liability	35,320	35,320	-
Total	<u>35,576</u>	<u>35,320</u>	<u>256</u>

### (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.

#### (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.

## 11 Financial risk management (continued)

### (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% \$'000	+10% \$'000
<b>30 June 2024</b>	<b>(6,999)</b>	<b>6,999</b>
30 June 2023	(3,481)	3,481

### (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.

<b>As at 30 June 2024</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Equities securities	<u>69,992</u>	<u>–</u>	<u>–</u>	<u>69,992</u>
<b>Total financial assets</b>	<u>69,992</u>	<u>–</u>	<u>–</u>	<u>69,992</u>

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Equities securities	<u>34,808</u>	<u>–</u>	<u>–</u>	<u>34,808</u>
Total financial assets	<u>34,808</u>	<u>–</u>	<u>–</u>	<u>34,808</u>

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. The Responsible Entity has an investment in the Warakirri Concentrated Australian Equities Fund of \$50,789 at 30 June 2024 (2023: nil).

### Responsible Entity's fees and other transactions

For the year ended 30 June 2024, 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 2024 \$	30 June 2023 \$
Management fees for the year	367,726	312,048
Performance fees for the year	–	–
Management fees payable at year end	41,047	23,784

### 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 2024 \$'000	30 June 2023 \$'000
<b>(a) Reconciliation of cash flows from operating activities</b>		
Operating profit/(loss) for the year	3,575	5,005
Net (gains)/losses on financial instruments held at fair value through profit or loss	(2,507)	(3,972)
Purchase of financial instruments at fair value through profit or loss	(48,472)	(12,725)
Proceeds from sale of financial instruments held at fair value through profit or loss	15,930	23,785
Net change in trade and other receivables	(163)	23
Net change in trade and other payables	14	(6)
<b>Net cash flows from/(used in) operating activities</b>	<b>(31,623)</b>	<b>12,110</b>



### 13 Reconciliation of cash flows from operating activities (continued)

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>(b) Components of cash and cash equivalents</b>		
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	1,399	320
	1,399	320

### (c) Non-cash operating and financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan or through redemptions	444	584
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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 2024 and 30 June 2023.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 24 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 2024 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.



Mr JW McKay  
Director

Melbourne  
19 September 2024

## 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 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including 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 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 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 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 of the Company 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 Trust 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 Trust, 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 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.



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.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Lani Cockrem*

Lani Cockrem  
Partner  
Chartered Accountants

Melbourne, 19 September 2024