

# **Daintree Core Income Trust**

ARSN 617 947 690

## **Annual financial statements for the year ended 30 June 2023**

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## Annual financial statements for the year ended 30 June 2023

### Contents

	Page
Directors' report	2
Auditor's independence declaration	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	41
Independent auditor's report to the unitholders of Daintree Core Income Trust	42

These financial statements cover Daintree Core Income Trust as an individual entity.

The Responsible Entity of Daintree Core Income Trust is Perennial Investment Management Limited (ABN 13 108 747 637). The Responsible Entity's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000.

## **Directors' report**

The Directors of Perennial Investment Management Limited, the Responsible Entity of Daintree Core Income Trust, present their report together with the financial statements of Daintree Core Income Trust ("the Scheme") for the year from 1 July 2022 to 30 June 2023 ("the year").

The Scheme is a registered managed investment scheme domiciled in Australia.

### **Responsible Entity**

The Responsible Entity of Daintree Core Income Trust is Perennial Investment Management Limited (ABN 13 108 747 637). The Responsible Entity's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000.

### **Principal activities**

During the year, the Scheme continued to invest funds in accordance with the following investment objective:

To outperform the RBA Cash Rate by investing in a steady stream of income and capital stability over the medium term, by investing in a diversified portfolio of credit fixed income securities and cash, and to provide a total return (after fees) that exceeds the benchmark measured throughout a market cycle.

The investment objective is disclosed in the current Product Disclosure Statement ("PDS") and in accordance with the provisions of the Scheme's Constitution.

The Scheme offers Australian Dollar (Daintree Core Income Trust AUD) and New Zealand Dollar (Daintree Core Income Trust NZD) class of units to its investors under which it pays distributions. Distributions to unitholders under each of these are disclosed in note 7 of the financial statements.

The Scheme did not have any employees during the year.

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

### **Directors**

The following persons held office as Directors of Perennial Investment Management Limited during the year or since the end of the year and up to the date of this report, unless otherwise stated:

A. Patterson  
C. Love  
M. Bennett

## Directors' report (continued)

### Review and results of operations

There have been no significant changes to the operations of the Scheme during the year. The Investment Manager continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

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

	Year ended 30 June 2023	30 June 2022
Profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>23,508</u>	<u>(26,194)</u>
<i>Distributions - Daintree Core Income Trust (AUD Class)</i>		
Distributions paid and payable to unitholders (\$'000)	6,647	13,651
Distributions (cents per unit - "CPU")	1.650	3.888
<i>Distributions - Daintree Core Income Trust (NZD Class denominated in AUD)</i>		
Distributions paid and payable to unitholders (\$'000)	3,836	3,009
Distributions (cents per unit - "CPU")	1.513	1.122
<i>Distributions - Daintree Core Income Trust ETF</i>		
Distributions paid and payable to unitholders (\$'000)	-	798
Distributions (cents per unit - "CPU")	-	4.608

Distributions to unitholders are disclosed in note 7 of the financial statements.

### Significant changes in state of affairs

The Daintree Core Income Trust ETF class was closed on 19 August 2022.

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

### Likely developments and expected results of operations

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

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

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

## **Directors' report (continued)**

### **Indemnification and insurance of officers and auditors**

There is a Directors' and Officers' insurance policy which indemnifies the Directors and Officers of Perennial Investment Management Limited against liabilities to persons outside Perennial Investment Management Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the Scheme. The auditor of the Scheme is in no way indemnified out of the assets of the Scheme.

### **Fees and expense recoveries paid to and interests held in the Scheme by the Responsible Entity or its related parties**

Fees and expense recoveries paid to the Responsible Entity and its related parties out of the Scheme property during the year are disclosed in note 13 of the financial statements.

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

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the year are disclosed in note 13 of the financial statements.

### **Interests in the Scheme**

The movements in units on issue in the Scheme during the year are disclosed in note 6 of the financial statements.

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

### **Environmental regulation**

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

Environmental, social and governance (ESG) risks, including climate change, are identified in accordance with the Responsible Entity's risk management framework.

### **Events occurring after the reporting period**

Effective 26 August 2023, HSBC Bank Australia Limited replaced NAS Asset Servicing as fund administrator and custodian.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

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

### **Rounding of amounts to the nearest thousand dollars**

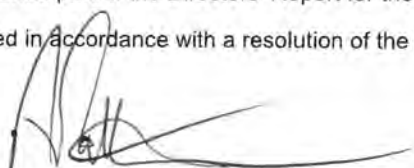
The Scheme is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report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

## Directors' report (continued)

### Auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 6 and forms part of the Directors' Report for the year ended 30 June 2023.

Signed in accordance with a resolution of the Directors of Perennial Investment Management Limited.

A handwritten signature in black ink, appearing to be 'A. Patterson', with a long horizontal flourish extending to the right.

A. Patterson  
Director

Sydney  
21 September 2023



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Perennial Investment Management Limited (the Responsible Entity) of Daintree Core Income Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of Daintree Core Income Trust for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG

A handwritten signature in blue ink, appearing to read 'Joshua Pearce'.

Joshua Pearce

*Partner*

Melbourne

21 September 2023

## Statement of comprehensive income

		Year ended	
		30 June	30 June
		2023	2022
	Notes	\$'000	\$'000
<b>Investment income</b>			
Interest income	3	27,452	14,269
Dividend and distribution income	4	219	66
Net (losses) on financial instruments at fair value through profit or loss	5	(4,766)	(29,861)
Net gains/(losses) on foreign exchange		3,981	(6,419)
Swap income/(loss)		65	(1,059)
Other income		79	84
<b>Total investment income/(loss)</b>		<b>27,030</b>	<b>(22,920)</b>
<b>Expenses</b>			
Responsible Entity fees	13	3,124	2,970
Transaction costs		306	301
Other expenses		92	3
<b>Total expenses</b>		<b>3,522</b>	<b>3,274</b>
<b>Profit/(loss) before finance costs attributable to unitholders</b>		<b>23,508</b>	<b>(26,194)</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	7	10,483	17,458
Increase/(decrease) in net assets attributable to unitholders	6	13,025	(43,652)
<b>Profit/(loss) for the year attributable to unitholders</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year attributable to unitholders		-	-
<b>Total comprehensive income for the year attributable to unitholders</b>		<b>-</b>	<b>-</b>

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



## Statement of financial position

		As at	
		30 June	30 June
		2023	2022
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		24,489	105,182
Receivables		4,375	2,750
Financial assets at fair value through profit or loss	8	<u>629,099</u>	<u>540,703</u>
<b>Total assets</b>		<u>657,963</u>	<u>648,635</u>
<b>Liabilities</b>			
Distributions payable	7	-	11,397
Payables		1,517	4,363
Financial liabilities at fair value through profit or loss	9	<u>2,491</u>	<u>12,648</u>
<b>Total liabilities</b>		<u>4,008</u>	<u>28,408</u>
<b>Net assets attributable to unitholders - liability</b>	6	<u>653,955</u>	<u>620,227</u>

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

## Statement of changes in equity

In accordance with AASB 132 *Financial Instruments: Presentation*, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the year and no items of changes in equity have been presented for the current period.

Changes in net assets attributable to unitholders are disclosed in note 6.

## Statement of cash flows

		Year ended	
		30 June	30 June
		2023	2022
	Notes	\$'000	\$'000
<b><i>Cash flows from operating activities</i></b>			
Proceeds from sale of financial instruments at fair value through profit or loss		421,781	764,308
Payments for the purchase of financial instruments at fair value through profit or loss		(522,589)	(856,341)
Transaction costs on financial instruments at fair value through profit or loss		(306)	(301)
Dividends and distributions received		-	23
Interest received		26,565	13,089
Other income received		79	84
Responsible Entity fees paid		(3,086)	(2,911)
Reduced input tax credits received/(paid)		33	(17)
Other expenses paid		(92)	(3)
<b>Net cash (outflow) from operating activities</b>	14(a)	<u>(77,615)</u>	<u>(82,069)</u>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from applications by unitholders		221,511	322,755
Payments for redemptions by unitholders		(210,827)	(157,449)
Distributions paid		(14,129)	(5,688)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(3,445)</u>	<u>159,618</u>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>		<u>(81,060)</u>	<u>77,549</u>
Cash and cash equivalents at the beginning of the year		105,182	27,670
Effects of foreign currency exchange rate changes on cash and cash equivalents		367	(37)
<b>Cash and cash equivalents at the end of the year</b>		<u>24,489</u>	<u>105,182</u>

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

## **1 General information**

These financial statements cover Daintree Core Income Trust ("the Scheme") as an individual entity. The Scheme was constituted on 9 March 2017. The Scheme will terminate on 9 March 2097 unless terminated earlier in accordance with the provisions of the Scheme's Constitution. The Scheme invests in equities, debt securities and derivatives in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is Perennial Investment Management Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000. The Responsible Entity's ABN is 13 108 747 637.

The Scheme is an Australian registered scheme.

The Scheme offers Australian Dollar (Daintree Core Income Trust AUD), New Zealand Dollar (Daintree Core Income Trust NZD) and Exchange Traded Fund (Daintree Core Income Trust ETF) class of units to its investors under which it pays distributions. The Daintree Core Income Trust ETF class was closed on 19 August 2022. Distributions to unitholders under each of these are disclosed in note 7 of the financial statements.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The financial statements are for the period 1 July 2022 to 30 June 2023 ("the year").

The financial statements were authorised for issue by the Directors on 21 September 2023. The Directors of the Responsible Entity have the power to amend and reissue the 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 have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets. The amount expected to be recovered or settled within twelve months after the end of the year cannot be reliably determined.

#### *Compliance with Australian Accounting Standards and International Financial Reporting Standards*

The financial statements of the Scheme comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *New/Amended standards and interpretations adopted by the Scheme*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments

#### (i) Classification

Classification and measurement of debt securities is driven by the Scheme's investment strategy for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A debt instrument is measured at amortised cost if the objective of the investment strategy is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest ("SPPI").

A debt instrument is measured at fair value through other comprehensive income if the objective of the investment strategy is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

All other debt instruments must be recognised at fair value through profit or loss. The Scheme may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

#### Assets

The Responsible Entity classifies its financial assets in the following measurement categories:

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

The Scheme's financial assets are managed and performance is evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Responsible Entity evaluates the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives such as futures and foreign currency contracts, the contractual cash flows of these instruments do not represent SPPI. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are SPPI, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving each Scheme's investment strategy. Consequently, the debt securities are measured at fair value through profit or loss.

The Scheme holds unit trusts and debt securities which had previously been designated at fair value through profit or loss. In accordance with AASB 9 these securities are mandatorily classified as fair value through profit or loss.

The Scheme holds derivatives which had previously been classified as held for trading. In accordance with AASB 9 these securities are mandatorily classified as fair value through profit or loss.

For other receivables and payables, including amounts due to/from brokers, these balances are classified at amortised cost as they are deemed to be held in an investment strategy with the objective to collect contractual cash flows through to maturity, and whose terms meet the SPPI criterion by virtue of the fact that payments pertain to only principal and/or simple interest and have a maturity of less than 12 months.

#### Liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

The Scheme holds derivatives which had previously been classified as held for trading. In accordance with AASB 9 these securities are mandatorily classified as fair value through profit or loss.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (ii) Impairment

AASB 9 requires the Scheme to record an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss.

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

For receivables, due from brokers, margin accounts and applications receivable, the Scheme has applied the standard's simplified approach and has calculated ECLs based on lifetime ECLs. The ECL approach is based on the Scheme's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Scheme considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Scheme may also consider a financial asset to be in default when internal or external information indicates that the Scheme is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Scheme.

#### (iii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the trade date at which it becomes party to the contractual agreement 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 have been transferred and the Scheme has transferred substantially all of the risks and rewards of ownership.

#### (iv) Measurement

##### *Financial assets and liabilities at fair value through profit or loss*

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

##### *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 end of the year without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced using the last traded market price.

A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Scheme's financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed derivatives, where applicable.

##### *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used in a market rate at the end of the year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the year.



## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Scheme recognises the difference in the statement of comprehensive income to reflect a change in factors, including time, which market participants would consider in setting a price.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Scheme would receive or pay to terminate the contract at the end of the year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the most appropriate option valuation model.

The Scheme's financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments from investments in unlisted unit trusts, unlisted equity and/or debt securities where applicable.

### (v) Offsetting financial instruments

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

### (c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Scheme at any time for cash based on the redemption price, which is equal to a proportionate share of the Scheme's net asset value attributable to the unitholders. The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Scheme. This amount represents the expected cash flows on redemption of these units.

The Scheme classifies the net assets attributable to unitholders as a financial liability as it does not meet the criteria to classify the units as equity as at 30 June 2023 and 30 June 2022.

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 net assets in the event of the Scheme'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 Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss

### (d) Cash and cash equivalents

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

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

## 2 Summary of significant accounting policies (continued)

### (e) Investment income

Interest income and interest expenses are recognised in the statement of comprehensive income for all financial instruments on an effective interest method basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

Dividend income is recognised on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the year and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

### (f) Expenses

All expenses, including Responsible Entity fees, are recognised in the statement of comprehensive income on an accruals basis.

### (g) Income tax

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

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 Scheme is not subject to capital gains tax.

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

The Scheme currently incurs withholding tax imposed by certain countries on investment income and capital gains. Such income is recorded net of withholding tax in the statement of comprehensive income.

### (h) Distributions

In accordance with the Scheme's Constitution, the Scheme may distribute income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Scheme.

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

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income.

### (j) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the Scheme'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 Scheme competes for funds and is regulated. The Australian dollar is also the Scheme'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 comprehensive income.

The Scheme does not isolate that portion of unrealised 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.



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

### **(k) Receivables**

Receivables may include amounts for trust distributions, interest and securities sold where settlement has not yet occurred. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each year from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC) and application monies receivable from unitholders.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on receivables at an amount equal to the lifetime ECLs 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 Scheme shall measure the loss allowance at an amount equal to 12-month ECLs. 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. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

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

### **(l) Payables**

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at the end of the year.

Trades are recorded on trade date, and normally settled within two business days. Purchases of financial instruments that are unsettled at the end of each year are included in payables.

The distribution amount payable to unitholders as at the end of each year is recognised separately in the statement of financial position.

### **(m) Applications and redemptions**

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue.

### **(n) Goods and Services Tax (GST)**

Expenses of various services provided to the Scheme by third parties such as Responsible Entity fees are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expense or cost item.

Accounts payable and receivable are stated inclusive of the GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position.

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

### **(o) Use of judgements and estimates**

The preparation of the Scheme's financial statements requires it to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Scheme's financial instruments are valued primarily based on the prices provided by independent pricing services.

## 2 Summary of significant accounting policies (continued)

### (o) Use of judgements and estimates (continued)

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Scheme. The Scheme considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

For certain other financial instruments, including amounts due from/to brokers, other payables and receivables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### (p) New accounting standards, interpretations and other authoritative pronouncements

There are no new accounting standards and other authoritative pronouncements that are expected to have a material impact on the Scheme.

### (q) Other legislative/government developments

*Climate related and other emerging risk disclosure*

The International Sustainability Standards Board (ISSB) Sustainability Disclosure Standards will become effective starting January 2024.

### (r) Rounding of amounts

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

## 3 Interest income

	Year ended	
	30 June	30 June
	2023	2022
	\$'000	\$'000
Cash and cash equivalents	977	67
Fixed interest securities	26,475	14,202
<b>Total interest income</b>	<b>27,452</b>	<b>14,269</b>

#### 4 Dividend and distribution income

	Year ended	
	30 June	30 June
	2023	2022
	\$'000	\$'000
Dividend income	-	45
Distribution income	219	21
<b>Total dividend and distribution income</b>	<b>219</b>	<b>66</b>

#### 5 Net (losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities at fair value through profit or loss:

	Year ended	
	30 June	30 June
	2023	2022
	\$'000	\$'000
Net (losses) on derivatives at fair value through profit or loss	(4,993)	(44,236)
Net gains on other financial instruments at fair value through profit or loss	227	14,375
<b>Total net (losses) on financial instruments at fair value through profit or loss</b>	<b>(4,766)</b>	<b>(29,861)</b>

#### 6 Net assets attributable to unitholders

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are 2 separate classes of units and each unit has the same rights, obligations and restrictions attached to it as all other units of the Scheme except in relation to underlying assets each class invests into.

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

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

	Year ended			
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	No. '000	No. '000	\$'000	\$'000
<b>Daintree Core Income Trust AUD</b>				
Opening balance	354,740	284,411	342,803	293,680
Applications	177,706	176,608	171,833	180,640
Redemptions	(103,865)	(108,484)	(100,418)	(110,328)
Units issued upon reinvestment of distributions	6,074	2,205	5,867	2,264
Return of capital	-	-	(785)	-
Increase/(decrease) in net assets attributable to unitholders	-	-	9,010	(23,453)
<b>Closing balance</b>	<b>434,655</b>	<b>354,740</b>	<b>428,310</b>	<b>342,803</b>

## 6 Net assets attributable to unitholders (continued)

	30 June 2023 No. '000	Year ended 30 June 2022 No. '000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Daintree Core Income Trust NZD</b>				
Opening balance	286,993	201,259	259,074	193,985
Applications	54,895	134,986	50,215	131,208
Redemptions	(99,514)	(50,537)	(90,340)	(48,406)
Units issued upon reinvestment of distributions	2,063	1,285	1,882	1,241
Return of capital	-	-	(610)	-
Increase/(decrease) in net assets attributable to unitholders	-	-	5,424	(18,954)
<b>Closing balance</b>	<b>244,437</b>	<b>286,993</b>	<b>225,645</b>	<b>259,074</b>
<b>Daintree Core Income Trust ETF</b>				
Opening balance	17,912	8,641	18,350	9,474
Applications	-	9,271	-	10,121
Redemptions	(17,912)	-	(18,336)	-
(Decrease) in net assets attributable to unitholders	-	-	(14)	(1,245)
<b>Closing balance</b>	<b>-</b>	<b>17,912</b>	<b>-</b>	<b>18,350</b>
<b>Total</b>	<b>679,092</b>	<b>659,645</b>	<b>653,955</b>	<b>620,227</b>

### Capital risk management

The Scheme considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a financial liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

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

## 7 Distributions to unitholders

The distributions for the year were as follows:

	30 June 2023 \$'000	Year ended 30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
<b>Distributions - Daintree Core Income Trust AUD</b>				
August	552	0.150	300	0.100
September	594	0.150	317	0.100
October	568	0.150	332	0.100
November	574	0.150	343	0.100
December	586	0.150	344	0.100
January	594	0.150	348	0.100
February	599	0.150	359	0.100
March	636	0.150	174	0.050
April	641	0.150	177	0.050
May	655	0.150	177	0.050
June	648	0.150	179	0.050
June (payable)	-	-	10,601	2.988
<b>Total distributions</b>	<b>6,647</b>	<b>1.650</b>	<b>13,651</b>	<b>3.888</b>

	30 June 2023 \$'000	Year ended 30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
<b>Distributions - Daintree Core Income Trust NZD</b>				
August	375	0.136	212	0.096
September	376	0.134	231	0.097
October	359	0.134	243	0.095
November	363	0.137	250	0.096
December	356	0.143	251	0.095
January	340	0.137	255	0.094
February	326	0.137	256	0.093
March	335	0.140	133	0.047
April	337	0.139	133	0.046
May	337	0.140	130	0.045
June	332	0.136	130	0.045
June (payable)	-	-	785	0.273
<b>Total distributions</b>	<b>3,836</b>	<b>1.513</b>	<b>3,009</b>	<b>1.122</b>

## 7 Distributions to unitholders (continued)

	30 June 2023 \$'000	Year ended 30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
<b>Daintree Core Income Trust ETF</b>				
August	-	-	15	0.132
September	-	-	9	0.065
October	-	-	12	0.076
November	-	-	160	0.972
February	-	-	16	0.089
March	-	-	13	0.076
April	-	-	7	0.038
May	-	-	7	0.038
June	-	-	548	3.059
June (payable)	-	-	11	0.063
<b>Total distributions</b>	<u>-</u>	<u>-</u>	<u>798</u>	<u>4.608</u>

## 8 Financial assets at fair value through profit or loss

	As at 30 June 2023 \$'000	30 June 2022 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Derivatives	3,277	4,925
Unlisted unit trusts	19,876	10,333
Convertible notes	2,411	2,412
Fixed interest securities	122,422	142,913
Floating rate notes	204,152	224,525
Mortgage-backed securities	130,520	66,599
Asset-backed securities	<u>146,441</u>	<u>88,996</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>629,099</u>	<u>540,703</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 11.

## 9 Financial liabilities at fair value through profit or loss

	As at 30 June 2023 \$'000	30 June 2022 \$'000
<b>Financial liabilities at fair value through profit or loss</b>		
Derivatives	<u>2,491</u>	<u>12,648</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<u>2,491</u>	<u>12,648</u>

An overview of the risk exposures relating to financial liabilities at fair value through profit or loss is included in note 11.



## **10 Derivative financial instruments**

In the normal course of business, the Scheme may enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Scheme.

The Scheme may hold the following derivative instruments:

### **(a) Futures**

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in the value of futures contracts are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

### **(b) Options**

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Scheme are exchange-traded. The Scheme is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

### **(c) Forward foreign exchange contracts**

Forward foreign exchange contracts are primarily used by the Scheme to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Scheme agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward foreign exchange contracts are valued at the prevailing bid price at the end of each year. The Scheme recognises a gain or loss equal to the change in fair value at the end of each year.

### **(d) Swaps**

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the end of the year, taking into account current interest rates and the current creditworthiness of the swap counterparties.

## 10 Derivative financial instruments (continued)

The Scheme's derivative financial instruments at year-end are detailed below:

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
<b>30 June 2023</b>			
Futures	(170,144)	1,381	(170)
Options	343	128	(64)
Forward foreign exchange contracts	522,299	1,768	(2,257)
<b>Total derivative instruments</b>	<b>352,498</b>	<b>3,277</b>	<b>(2,491)</b>

	Contract/ notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
<b>30 June 2022</b>			
Swaps	47,117	1,353	-
Futures	(253,331)	710	(3,837)
Options	391	349	(15)
Forward foreign exchange contracts	700,749	2,513	(8,796)
<b>Total derivative instruments</b>	<b>494,926</b>	<b>4,925</b>	<b>(12,648)</b>

An overview of the risk exposures relating to derivatives is included in note 11.

## 11 Financial risk management

### (a) Objectives, strategies, policies and processes

The Scheme's activities may expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Scheme's risk management focuses on ensuring compliance with the Scheme's PDS and seeks to maximise the returns derived for the level of risk to which the Scheme's are exposed. Financial risk management is carried out by the Investment Manager under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Responsible Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk.

The Investment Manager may use derivatives and other investments, including share price and bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks, and exposures arising from forecast transactions.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign exchange risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Scheme's direct investments and not on a look-through basis for investments held in the Scheme.



## 11 Financial risk management (continued)

### (b) Market risk (continued)

The sensitivity of the Scheme's net assets attributable to unitholders (and profit/(loss)) before finance costs attributable to unitholders) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Scheme's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Scheme invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

At 30 June 2023 and 30 June 2022, the overall market exposures were as follows:

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Derivative assets at fair value through profit or loss	3,277	4,925
Derivative liabilities at fair value through profit or loss	(2,491)	(12,648)
Securities at fair value through profit or loss	<u>625,822</u>	<u>535,778</u>
	<u>626,608</u>	<u>528,055</u>

#### (i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Scheme's investment portfolio. The investments are classified on the statement of financial position as at fair value through profit or loss. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Scheme's overall market positions are monitored on a regular basis by the Scheme's Investment Manager. This information and the compliance with the Scheme's PDS are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, compliance committees and ultimately the Board.

At 30 June 2023 and 30 June 2022, if the market prices of the fund's financial assets had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	As at 30 June 2023		As at 30 June 2022	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))	<u>1,875</u>	<u>(1,875)</u>	<u>1,000</u>	<u>(1,000)</u>

## 11 Financial risk management (continued)

### (b) Market risk (continued)

#### (ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme holds assets denominated in currencies other than the Australian dollar, the functional currency. It is therefore exposed to foreign exchange risk, as the value of the future cash flows of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

As stated in section (a) above, as part of its risk management strategy, the Scheme uses forward foreign exchange contracts to manage exposures resulting from changes in foreign currencies. On this basis, the Scheme's overall exposure to foreign exchange risk is considered minimal after taking into account the forward foreign exchange contracts.

The Investment Manager monitors the Scheme's currency position on a regular basis. This information and the compliance with the Scheme's guidelines are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

When the Investment Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Scheme, the Investment Manager factors that into its portfolio allocation decisions. While the Scheme has direct exposure to foreign exchange rate changes on the price of non-Australian dollar-denominated securities, it may also be indirectly affected for example, by the impact of foreign exchange rate changes on the earnings of certain entities in which the Scheme invests, even if those entities' securities are denominated in Australian dollars. For that reason, the sensitivity analysis may not necessarily indicate the total effect on the Scheme's net assets attributable to unitholders of future movements in foreign exchange rates.

The table below summarises the Scheme's assets and liabilities which are denominated in Australian and non-Australian currencies:

30 June 2023	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Other currencies A\$'000	Total A\$'000
<b>Assets</b>					
Cash and cash equivalents	13,551	5,191	1,894	3,853	24,489
Receivables	3,875	389	104	7	4,375
Futures	707	570	104	-	1,381
Options	-	128	-	-	128
Forward foreign exchange contracts	-	621	127	1,020	1,768
Unlisted unit trusts	19,876	-	-	-	19,876
Convertible notes	2,411	-	-	-	2,411
Fixed interest securities	120,957	1,465	-	-	122,422
Floating rate notes	172,472	24,796	6,884	-	204,152
Mortgage-backed securities	128,863	-	-	1,657	130,520
Asset-backed securities	133,304	13,137	-	-	146,441
<b>Total assets</b>	<b>596,016</b>	<b>46,297</b>	<b>9,113</b>	<b>6,537</b>	<b>657,963</b>
<b>Liabilities</b>					
Payables	667	-	-	850	1,517
Futures	7	157	6	-	170
Options	-	64	-	-	64
Forward foreign exchange contracts	-	107	43	2,107	2,257
<b>Total liabilities</b>	<b>674</b>	<b>328</b>	<b>49</b>	<b>2,957</b>	<b>4,008</b>
<b>Net assets attributable to unitholders</b>	<b>595,342</b>	<b>45,969</b>	<b>9,064</b>	<b>3,580</b>	<b>653,955</b>

## 11 Financial risk management (continued)

### (b) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

30 June 2022	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Other currencies A\$'000	Total A\$'000
<b>Assets</b>					
Cash and cash equivalents	61,113	11,750	1,656	30,663	105,182
Receivables	1,999	548	14	189	2,750
Swaps	-	1,353	-	-	1,353
Futures	-	491	194	25	710
Options	-	349	-	-	349
Forward foreign exchange contracts	-	426	105	1,982	2,513
Unlisted unit trusts	10,333	-	-	-	10,333
Convertible notes	2,412	-	-	-	2,412
Fixed interest securities	141,458	1,455	-	-	142,913
Floating rate notes	188,895	31,888	1,830	1,912	224,525
Mortgage-backed securities	64,593	-	-	2,006	66,599
Asset-backed securities	52,821	36,175	-	-	88,996
<b>Total assets</b>	<b>523,624</b>	<b>84,435</b>	<b>3,799</b>	<b>36,777</b>	<b>648,635</b>
<b>Liabilities</b>					
Distributions payable	11,397	-	-	-	11,397
Payables	3,130	-	1,154	79	4,363
Futures	3,157	491	189	-	3,837
Options	-	15	-	-	15
Forward foreign exchange contracts	-	2,200	200	6,396	8,796
<b>Total liabilities</b>	<b>17,684</b>	<b>2,706</b>	<b>1,543</b>	<b>6,475</b>	<b>28,408</b>
<b>Net assets attributable to unitholders</b>	<b>505,940</b>	<b>81,729</b>	<b>2,256</b>	<b>30,302</b>	<b>620,227</b>

At 30 June 2023 and 30 June 2022, had the Australian dollar weakened/strengthened as illustrated below against the various currencies to which the Scheme is exposed, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately and respectively:

	AUD Weakened Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))		AUD Strengthened Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
AUD/USD +/-5%	(60)	56	54	(50)
AUD/EUR +/-5%	(1)	62	1	(56)
AUD/Other +/-5%	12,049	13,457	(10,902)	(12,176)

The possible impact against other currencies is considered immaterial individually and therefore has not been included in the above table. The analysis is performed on the same basis for 2023 and 2022.

## 11 Financial risk management (continued)

### (b) Market risk (continued)

#### *(iii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Scheme has established limits on investments in interest-bearing assets, which are monitored on a daily basis. The Scheme may use derivatives to hedge against unexpected increases in interest rates and/or multiple rollover dates for debt instruments to manage repricing risk. The interest rate risk is measured using sensitivity analysis.

The Scheme has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain entities in which the Scheme invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Scheme's net assets attributable to unitholders of future movements in interest rates.

## 11 Financial risk management (continued)

### (b) Market risk (continued)

#### (iii) Interest rate risk (continued)

The table below summarises the Scheme's exposure to interest rate risks. It includes the Scheme's assets and liabilities at fair values, categorised by the maturity dates:

		Fixed interest rate					
30 June 2023	Floating interest rate \$'000	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	Total \$'000
<b>Assets</b>							
Cash and cash equivalents	21,833	2,656	-	-	-	-	24,489
Receivables	-	-	-	-	-	4,375	4,375
Futures	1,381	-	-	-	-	-	1,381
Options	-	-	-	-	-	128	128
Forward foreign exchange contracts	-	-	-	-	-	1,768	1,768
Unlisted unit trusts	-	-	-	-	-	19,876	19,876
Convertible notes	-	-	-	-	2,411	-	2,411
Fixed interest securities	-	-	591	66,903	54,928	-	122,422
Floating rate notes	204,152	-	-	-	-	-	204,152
Mortgage-backed securities	130,520	-	-	-	-	-	130,520
Asset-backed securities	146,441	-	-	-	-	-	146,441
<b>Total assets</b>	<b>504,327</b>	<b>2,656</b>	<b>591</b>	<b>66,903</b>	<b>57,339</b>	<b>26,147</b>	<b>657,963</b>
<b>Liabilities</b>							
Payables	-	-	-	-	-	1,517	1,517
Futures	170	-	-	-	-	-	170
Options	-	-	-	-	-	64	64
Forward foreign exchange contracts	-	-	-	-	-	2,257	2,257
<b>Total liabilities</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,838</b>	<b>4,008</b>
<b>Net assets attributable to unitholders</b>	<b>504,157</b>	<b>2,656</b>	<b>591</b>	<b>66,903</b>	<b>57,339</b>	<b>22,309</b>	<b>653,955</b>

## 11 Financial risk management (continued)

### (b) Market risk (continued)

#### (iii) Interest rate risk (continued)

30 June 2022	Floating interest rate \$'000	Fixed interest rate				Non- interest bearing \$'000	Total \$'000
		3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000		
<b>Assets</b>							
Cash and cash equivalents	96,746	8,436	-	-	-	-	105,182
Receivables	-	-	-	-	-	2,750	2,750
Swaps	1,353	-	-	-	-	-	1,353
Futures	710	-	-	-	-	-	710
Options	-	-	-	-	-	349	349
Forward foreign exchange contracts	-	-	-	-	-	2,513	2,513
Unlisted unit trusts	-	-	-	-	-	10,333	10,333
Convertible notes	-	-	-	-	2,412	-	2,412
Fixed interest securities	-	4,013	3,472	38,818	96,610	-	142,913
Floating rate notes	224,525	-	-	-	-	-	224,525
Mortgage-backed securities	66,599	-	-	-	-	-	66,599
Asset-backed securities	88,996	-	-	-	-	-	88,996
<b>Total assets</b>	<b>478,929</b>	<b>12,449</b>	<b>3,472</b>	<b>38,818</b>	<b>99,022</b>	<b>15,945</b>	<b>648,635</b>
<b>Liabilities</b>							
Distributions payable	-	-	-	-	-	11,397	11,397
Payables	-	-	-	-	-	4,363	4,363
Futures	3,837	-	-	-	-	-	3,837
Options	-	-	-	-	-	15	15
Forward foreign exchange contracts	-	-	-	-	-	8,796	8,796
<b>Total liabilities</b>	<b>3,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,571</b>	<b>28,408</b>
<b>Net assets attributable to unitholders</b>	<b>475,092</b>	<b>12,449</b>	<b>3,472</b>	<b>38,818</b>	<b>99,022</b>	<b>(8,626)</b>	<b>620,227</b>

At 30 June 2023 and 30 June 2022, should interest rates have decreased/increased by the basis points indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss)) would have changed by the following amounts, approximately:

	As at 30 June 2023		As at 30 June 2022	
	Increased by 100 basis points \$'000	Decreased by 100 basis points \$'000	Increased by 100 basis points \$'000	Decreased by 100 basis points \$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss))	(789)	808	1,020	(996)

These changes are calculated on an undiscounted basis. The analysis is performed on the same basis for 2023 and 2022.



## 11 Financial risk management (continued)

### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Scheme, other than derivatives, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the end of the year.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase of the securities has been received by the broker.

The Scheme holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

Counterparty credit limits and the list of authorised brokers are reviewed by the Responsible Entity on a regular basis.

All contracts are with counterparties included in the Board's Approved Counterparties list.

#### **Credit quality per class of instrument**

The credit quality of financial assets is managed by the Scheme using Standard & Poor's rating categories, in accordance with the investment mandate of the Scheme. The Scheme's exposure in each grade is monitored on a daily basis. This review process allows the Responsible Entity to assess the potential loss as a result of risks and take corrective action. The table below shows the credit quality by class of assets:

The Scheme may also invest in unrated assets where a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by that rating agency. In order to monitor the credit quality of the unrated assets, the Investment Manager, on the basis of internal research, may prepare its own shadow ratings for the various instruments for which publicly available credit ratings are not available.

The table below shows the credit quality by class of assets:

Daintree Core Income Trust	AAA to AA- \$'000	A+ to A- \$'000	BBB+ to BBB- \$'000	Unrated \$'000
<b>At 30 June 2023</b>				
Financial assets at fair value through profit or loss				
Fixed interest securities	2,011	44,729	37,672	38,010
Floating rate notes	49,352	20,084	122,290	12,426
Mortgage-backed securities	34,799	50,809	19,239	25,673
Asset-backed securities	18,432	7,113	5,209	115,687
<b>Total</b>	<b>104,594</b>	<b>122,735</b>	<b>184,410</b>	<b>191,796</b>

## 11 Financial risk management (continued)

### (c) Credit risk (continued)

Daintree Core Income Trust	AAA to AA- \$'000	A+ to A- \$'000	BBB+ to BBB- \$'000	Unrated \$'000
At 30 June 2022				
Financial assets at fair value through profit or loss				
Fixed interest securities	-	62,988	41,049	38,876
Floating rate notes	14,935	67,446	120,512	21,632
Mortgage-backed securities	17,646	17,160	17,680	14,113
Asset-backed securities	-	3,369	15,332	70,295
Total	32,581	150,963	194,573	144,916

### (d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet their obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by the Investment Manager to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Concentrations of risk are managed by industry sector for equity instruments and by counterparty for debt instruments and selected derivatives.

No concentrations of risk for the year ended 30 June 2023 and 30 June 2022 because no concentrations to industry sector that is greater than 10%.

### (e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Scheme may be exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. It therefore primarily holds investments that are traded in active markets and can be readily disposed of.

The Scheme's investments may include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Investment Manager may invest in investments in unlisted unit trusts that expose the Scheme to the risk that the Scheme or Investment Manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Scheme.

The Scheme's investment guidelines are to hold a significant proportion of its investments in liquid assets.

Under the terms of its Constitution, the Scheme has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Units are redeemed on demand at the unitholders' option. The holders of these instruments typically retain them for the medium to long term.

#### (i) Maturity of non-derivative financial liabilities

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period at the end of the year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.



## 11 Financial risk management (continued)

### (e) Liquidity risk (continued)

	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
<b>At 30 June 2023</b>				
Payables	1,517	-	-	-
Net assets attributable to unitholders	<u>653,955</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total financial liabilities</b>	<u>655,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
<b>At 30 June 2022</b>				
Distributions payable	11,397	-	-	-
Payables	4,363	-	-	-
Net assets attributable to unitholders	<u>620,227</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total financial liabilities</b>	<u>635,987</u>	<u>-</u>	<u>-</u>	<u>-</u>

The table below analyses the Scheme's gross settled derivative financial instruments based on the remaining period at the end of the year to the contractual maturity date. The Scheme may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
<b>At 30 June 2023</b>				
Futures				
- (Outflows)	-	(170)	-	-
- Inflows	-	1,381	-	-
Options				
- (Outflows)	-	(60)	(4)	-
- Inflows	-	87	41	-
Forward foreign exchange contracts				
- (Outflows)	(521)	(1,483)	(253)	-
- Inflows	<u>12</u>	<u>1,756</u>	<u>-</u>	<u>-</u>
	<u>(509)</u>	<u>1,511</u>	<u>(216)</u>	<u>-</u>

## 11 Financial risk management (continued)

### (e) Liquidity risk (continued)

	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	More than 12 months \$'000
At 30 June 2022				
Swaps				
- Inflows	-	-	-	1,353
Futures				
- (Outflows)	-	(3,204)	(633)	-
- Inflows	-	397	119	194
Options				
- (Outflows)	(14)	(1)	-	-
- Inflows	163	59	127	-
Forward foreign exchange contracts				
- (Outflows)	(1,774)	(7,022)	-	-
- Inflows	789	1,679	45	-
	<u>(836)</u>	<u>(8,092)</u>	<u>(342)</u>	<u>1,547</u>

The Scheme predominantly invests in liquid assets that it expects to be able to liquidate within 7 days or less. Liquid assets include cash and cash equivalents and net Level 1 Financial Instruments (convertible notes and derivatives). As at 30 June 2023, these assets amounted to \$28,174,533 (2022: \$104,801,058).

### (f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Scheme's financial assets and financial liabilities at the end of the year approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Scheme's accounting policy on fair value measurement is set out in note 2(b). The methods and assumptions used in the determination of the fair value of each class of financial instruments are also set out in note 2(b).

Note 2(o) outlines further the nature of management's judgements, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

### (g) Fair value hierarchy

The Scheme is required to classify 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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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); quoted prices for similar securities in active and/or inactive markets; market-corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 11 Financial risk management (continued)

### (g) Fair value hierarchy (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Futures	1,381	-	-	1,381
Options	128	-	-	128
Forward foreign exchange contracts	-	1,768	-	1,768
Unlisted unit trusts	-	19,876	-	19,876
Convertible notes	2,411	-	-	2,411
Fixed interest securities	-	122,422	-	122,422
Floating rate notes	-	204,152	-	204,152
Mortgage-backed securities	-	130,520	-	130,520
Asset-backed securities	-	134,941	11,500	146,441
<b>Total</b>	<b>3,920</b>	<b>613,679</b>	<b>11,500</b>	<b>629,099</b>
<b>Financial liabilities</b>				
Futures	170	-	-	170
Options	64	-	-	64
Forward foreign exchange contracts	-	2,257	-	2,257
<b>Total</b>	<b>234</b>	<b>2,257</b>	<b>-</b>	<b>2,491</b>

## 11 Financial risk management (continued)

### (g) Fair value hierarchy (continued)

At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Swaps	-	1,353	-	1,353
Futures	710	-	-	710
Options	349	-	-	349
Forward foreign exchange contracts	-	2,513	-	2,513
Unlisted unit trusts	-	10,333	-	10,333
Convertible notes	2,412	-	-	2,412
Fixed interest securities	-	142,913	-	142,913
Floating rate notes	-	224,525	-	224,525
Mortgage-backed securities	-	66,599	-	66,599
Asset-backed securities	-	88,996	-	88,996
<b>Total</b>	<b>3,471</b>	<b>537,232</b>	<b>-</b>	<b>540,703</b>
<b>Financial liabilities</b>				
Futures	3,837	-	-	3,837
Options	15	-	-	15
Forward foreign exchange contracts	-	8,796	-	8,796
<b>Total</b>	<b>3,852</b>	<b>8,796</b>	<b>-</b>	<b>12,648</b>

The pricing for the majority of the Scheme's investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, e.g. recognised stock exchanges, and therefore classified within level 1, include exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include investment-grade corporate bonds, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 2 investments could include those that are not traded in active markets and/or are subject to transfer restrictions (e.g. redemption restrictions). Valuations for these investments may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Typically, prices of units in unlisted managed investment trusts that are either published on the investment manager's website and/or circulated among market participants as executable quotes are categorised as level 2.

Level 3 instruments could include distressed debt instruments, certain private equity and real estate investments that are not based on market inputs or securities that are in an inactive/illiquid market and are valued using models and internal data. Level 3 investments may be adjusted to reflect illiquidity and/or restrictions, however, the adjustments are not based on available market information. Level 3 instruments also include those that have stale price that is, where the pricing for a particular security has remained static for an extended period of time.

Level 3 valuations are reviewed quarterly by the relevant management. The management considers the appropriateness of the valuation inputs, methods and techniques used in the valuations. The valuation inputs are generally sourced from independent third-party pricing sources without adjustment such as stock exchanges, pricing agencies and/or fund managers. Where the inputs are considered stale, unobservable, proprietary or from an inactive market, they are categorised as level 3.

## 11 Financial risk management (continued)

### (g) Fair value hierarchy (continued)

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted unit trusts and corporate debt securities. As observable prices are not available for these securities, valuation techniques are used to derive fair value.

The Scheme recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The transfers from level 2 to level 3 relate to securities whose issuers experienced significant reductions in trading activity during the year. The valuation inputs for these securities were not therefore based on market observable inputs which resulted in the reclassification to level 3.

The following table presents the transfers between levels as at the reporting dates.

At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3			
Asset-backed securities	-	(9,500)	9,500
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3			
Mortgage-backed securities	-	235	(235)

The following table presents the movement in level 3 instruments as at the reporting date by class of financial instrument.

At 30 June 2023	Asset-backed securities \$'000	Total \$'000
Purchases	2,000	2,000
Transfer into level 3	9,500	9,500
<b>Closing balance</b>	<b>11,500</b>	<b>11,500</b>
At 30 June 2022	Mortgage-backed securities \$'000	Total \$'000
Opening Balance	2,311	2,311
Purchases	673	673
Sales	(2,603)	(2,603)
Transfer out of level 3	(235)	(235)
(Losses) recognised in profit or loss	(146)	(146)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

### Significant unobservable inputs used in measuring fair value

The following table presents significant unobservable inputs used at 30 June 2023 in measuring financial instruments categorised as level 3 in the fair value hierarchy. There were no level 3 instruments as at 30 June 2022.

At 30 June 2023	Fair Value \$	Valuation techniques	Unobservable input	Sensitivity to change in significant unobservable inputs
Asset-backed securities	11,500,000	Purchase cost	Performance of the underlying security issue	The estimated fair value would increase or decrease depending on the credit worthiness of the security issuer

## 11 Financial risk management (continued)

### (g) Fair value hierarchy (continued)

#### Effects of the unobservable input on fair value measurement

Although the Scheme believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurement of fair value. For fair value measurements in level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on the net assets attributable to unitholders.

The following table presents significant unobservable inputs used at 30 June 2023 in measuring financial instruments categorised as level 3 in the fair value hierarchy. There were no level 3 instruments as at 30 June 2022.

30 June 2023	Change in variable 5%/(5%)	Favourable \$	(Unfavourable) \$
Asset-backed securities	Credit worthiness of the security issuer	<u>575,000</u>	<u>(575,000)</u>
<b>Total</b>		<u>575,000</u>	<u>(575,000)</u>

## 12 Auditor's remuneration

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

	Year ended	
	30 June 2023 \$	30 June 2022 \$
<b>KPMG</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	10,159	6,825
Other regulatory audit services	<u>2,822</u>	<u>2,625</u>
Total remuneration for audit and other assurance services	<u>12,981</u>	<u>9,450</u>
<i>Taxation services</i>		
Taxation compliance services	<u>7,770</u>	<u>7,770</u>
Total remuneration for taxation services	<u>7,770</u>	<u>7,770</u>
<b>Total remuneration of KPMG</b>	<u>20,751</u>	<u>17,220</u>

Auditor's remuneration is paid by the Responsible Entity.

## 13 Related party transactions

### (a) Responsible Entity

The Responsible Entity of Daintree Core Income Trust is Perennial Investment Management Limited.

The immediate parent entity and the controlling entity of Perennial Investment Management Limited is Perennial Value Management Limited.

### (b) Directors

Key management personnel includes persons who were Directors of Perennial Investment Management Limited at any time during the year.



### 13 Related party transactions (continued)

#### (c) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the year.

#### (d) Key management personnel unitholdings

As at 30 June 2023 and 30 June 2022, the following transactions occurred with key management personnel during the year:

	No. of units held opening (Units)	No. of units held closing (Units)	No. of units acquired (Units)	No. of units disposed (Units)
30 June 2023	49,483	49,483	-	-
30 June 2022	49,483	49,483	-	-

#### (e) Key management personnel compensation

Key management personnel are remunerated by Perennial Value Management Limited. Payments made from the Scheme to Perennial Investment Management Limited do not include any amount that is directly attributable to key management personnel remuneration.

#### (f) Key management personnel loan disclosures

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

#### (g) Other transactions within the Scheme

From time to time, Directors of the Responsible Entity, or their related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors and are trivial in nature.

#### (h) Responsible Entity's/Investment Manager's fees and other transactions

The Responsible Entity fee charged by the Responsible Entity for the year was 0.50% per annum (2022: 0.50%).

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

	30 June 2023 \$	30 June 2022 \$
Responsible Entity fees for the year paid by the Scheme to the Responsible Entity (GST exclusive)	<u>2,834,647</u>	<u>2,716,098</u>
Responsible Entity fees payable to the Responsible Entity at the end of the year (GST exclusive)	<u>289,607</u>	<u>253,622</u>
Expense recovery for the year paid by the Scheme to the Responsible Entity (GST exclusive)	<u>80,595</u>	<u>-</u>

### 13 Related party transactions (continued)

#### (i) Related party unitholdings

Parties related to the Scheme including Perennial Investment Management Limited, its related parties and other schemes managed by Perennial Investment Management Limited held units in the Scheme as follows:

30 June 2023 Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	No. of units acquired (Units)	No. of units disposed (Units)
Perennial Yield Plus Conservative Trust	14,779,378	15,847,494	5,287,262	4,219,146
Daintree Diversified Fixed Income Fund	1,794,239	-	196,242	1,990,481
30 June 2022				
Perennial Yield Plus Conservative Trust	1,028,804	14,779,378	15,315,060	1,564,486
Daintree Diversified Fixed Income Fund	1,842,213	1,794,239	40,482	88,456

#### (j) Investments

The Scheme's held investments in the following schemes which are also managed by Perennial Investment Management Limited or its related parties:

	Fair value of investment		Interest held		Distributions received/receivable	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 %	30 June 2022 %	30 June 2023 \$	30 June 2022 \$
Daintree Global Structured Credit Fund	10,891,302	10,332,804	100.00	100.00	118,292	42,911
Daintree Hybrid Opportunities Fund	8,984,767	-	35.02	-	100,218	-
Total	19,876,069	10,332,804			218,510	42,911

Where units are held in its related parties and other schemes managed by Perennial Investment Management Limited fees are rebated to the underlying scheme.



## 14 Reconciliation of profit/(loss) to net cash (outflow) from operating activities

	Year ended	
	30 June	30 June
	2023	2022
	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash (outflow) from operating activities</b>		
Increase/(decrease) in net assets attributable to unitholders	13,025	(43,652)
Proceeds from sale of financial instruments at fair value through profit or loss	421,781	764,308
Payments for the purchase of financial instruments at fair value through profit or loss	(522,589)	(856,341)
Distribution to unitholders	10,483	17,458
Net losses on financial instruments at fair value through profit or loss	4,766	29,861
Net (gains)/losses on foreign exchange	(3,985)	6,419
Net change in receivables and other assets	(1,089)	(17)
Net change in payables and other liabilities	38	59
Reinvested income	(45)	(164)
<b>Net cash (outflow) from operating activities</b>	<b>(77,615)</b>	<b>(82,069)</b>
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	7,749	3,505
Distribution receipts were satisfied by the issue of units under the distribution reinvestment plan	45	164
	<b>7,794</b>	<b>3,669</b>

## 15 Events occurring after the reporting period

Effective 26 August 2023, HSBC Bank Australia Limited replaced NAS Asset Servicing as fund administrator and custodian.

No other significant events have occurred since the end of the year which would impact on the financial position of the Scheme disclosed in the statement of financial position as at 30 June 2023, or on the results and cash flows of the Scheme for the year ended on that date.

## 16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and 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 7 to 40 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date.
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Scheme's Constitution.
- (d) note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



A. Patterson  
Director

Sydney  
21 September 2023



# Independent Auditor's Report

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To the unitholders of Daintree Core Income Trust

## Opinion

We have audited the **Financial Report** of Daintree Core Income Trust (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards and the Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2023;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other Information

Other Information is financial and non-financial information in Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Perennial Investment Management Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors of Perennial Investment Management Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.



KPMG

A handwritten signature in blue ink, appearing to read 'Joshua Pearce'.

Joshua Pearce

*Partner*

Melbourne

21 September 2023