

# **Daintree Hybrid Opportunities Fund (Managed Fund)**

ARSN 651 905 314

## **Interim financial report for the half-year ended 31 December 2023**

# Daintree Hybrid Opportunities Fund (Managed Fund)

ARSN 651 905 314

## Interim financial report for the half-year ended 31 December 2023

### Contents

	<b>Page</b>
Directors' report	2
Auditor's independence declaration	4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Director's declaration	14
Independent auditor's review report to the unitholders of Daintree Hybrid Opportunities Fund (Managed Fund)	15

This interim financial report does not include all the notes of the type normally included in a set of annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made in respect of Daintree Hybrid Opportunities Fund (Managed Fund) during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This financial report covers Daintree Hybrid Opportunities Fund (Managed Fund) as an individual entity.

The Responsible Entity of Daintree Hybrid Opportunities Fund (Managed Fund) 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 Hybrid Opportunities Fund (Managed Fund) ("the Fund"), present their report together with the interim financial report of the Fund for the half-year ended 31 December 2023.

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

### Directors

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

A. Patterson  
C. Love  
M. Bennett

### Review and results of operations

The Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

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

	<b>For the half-year ended</b>	
	<b>31 December 2023</b>	31 December 2022
Total comprehensive income for the half-year (\$'000)	<b>5,555</b>	27
Distributions paid and payable to unitholders (\$'000)	<b>799</b>	326
Distributions (cents per unit – "CPU")	<b>20.00</b>	17.00

Distributions to unitholders are disclosed in note 3 of the financial statements.

### Significant changes in state of affairs

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

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

### Events occurring after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future reporting periods;
- (ii) the results of those operations in future reporting periods; or
- (iii) the state of affairs of the Fund in future reporting periods.

### Rounding of amounts to the nearest thousand dollars

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

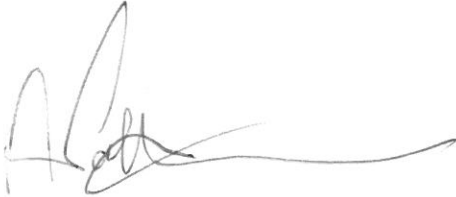
---

**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 4 and forms part of the Directors' Report for the half-year ended 31 December 2023.

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

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

A. Patterson

Director

Perennial Investment Management Limited

Sydney

12 March 2024



# 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 Hybrid Opportunities Fund (Managed Fund)

I declare that, to the best of my knowledge and belief, in relation to the review of Daintree Hybrid Opportunities Fund (Managed Fund) for the half-year ended 31 December 2023 there have been:

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

KPMG

KPMG

Joshua Pearse  
*Partner*

Melbourne

12 March 2024

**Daintree Hybrid Opportunities Fund (Managed Fund)**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2023**

**Statement of comprehensive income**

	Notes	For the half-year ended	
		31 December 2023 \$'000	31 December 2022 \$'000
<b>Investment income</b>			
Interest income		183	45
Dividend/distribution income		567	257
Net gains/(losses) on financial instruments at fair value through profit or loss		4,633	(114)
Net gains/(losses) on foreign exchange		288	(86)
Other income		6	5
<b>Total investment income</b>		<b>5,677</b>	<b>107</b>
<b>Expenses</b>			
Responsible Entity fees		98	58
Transaction costs		4	13
Other expenses		20	9
<b>Total expenses</b>		<b>122</b>	<b>80</b>
<b>Total comprehensive income for the half-year</b>		<b>5,555</b>	<b>27</b>

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

**Statement of financial position**

		As at	
	Notes	31 December 2023 \$'000	30 June 2023 \$'000
<b>Assets</b>			
Cash and cash equivalents		4,548	2,120
Receivables		753	36
Financial assets at fair value through profit or loss	4	39,149	24,090
<b>Total assets</b>		44,450	26,246
 <b>Liabilities</b>			
Distributions payable		470	286
Payables		24	102
Financial liabilities at fair value through profit or loss	5	471	159
<b>Total liabilities</b>		965	547
<b>Net assets attributable to unitholders - equity</b>	2	43,485	25,699

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

**Daintree Hybrid Opportunities Fund (Managed Fund)**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2023**

**Statement of changes in equity**

	Notes	For the half-year ended	
		31 December 2023 \$'000	31 December 2022 \$'000
<b>Total equity at the beginning of the half-year</b>		<b>25,699</b>	17,675
<b>Comprehensive income for the half-year</b>			
Profit for the half-year		5,555	27
Other comprehensive income for the half-year		-	-
<b>Total comprehensive income for the half-year</b>		<u><b>5,555</b></u>	<u>27</u>
<b>Transactions with unitholders</b>			
Applications	2	18,672	470
Redemptions	2	(6,121)	(5)
Units issued upon reinvestment of distributions	2	479	182
Distributions paid and payable	2,3	<u>(799)</u>	<u>(326)</u>
<b>Total equity at the end of the half-year</b>		<u><b>43,485</b></u>	<u>18,023</u>

Changes in net assets attributable to unitholders are disclosed in note 2 of the financial statements.

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



**Statement of cash flows**

For the half-year ended  
31 December 2023      31 December 2022  
Note      \$'000      \$'000

**Cash flows from operating activities**

Proceeds from sale of financial instruments at fair value through profit or loss	6,353	3,259
Payments for the purchase of financial instruments at fair value through profit or loss	(16,798)	(6,706)
Transaction costs on financial instruments at fair value through profit or loss	(88)	(13)
Dividend/distribution received	567	258
Interest received	80	45
Responsible Entity fees paid	(90)	(62)
Reduced input tax credits received	4	4
Other expenses paid	(22)	(9)

**Net cash outflow from operating activities** (9,994)      (3,224)

**Cash flows from financing activities**

Proceeds from applications by unitholders	18,672	1,448
Payments for redemptions by unitholders	(6,121)	(1,029)
Distributions paid	(136)	(26)

**Net cash inflow from financing activities** 12,415      393

**Net increase/(decrease) in cash and cash equivalents** 2,421      (2,831)

Cash and cash equivalents at the beginning of the half-year 2,120      4,757

Effects of foreign currency exchange rate changes on cash and cash equivalents 7      1

**Cash and cash equivalents at the end of the half-year** 4,548      1,927

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

## **1 Basis of preparation of interim financial report**

This interim financial report for the half-year ended 31 December 2023 has been prepared in accordance with *the Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in a set of annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the reporting period ended 30 June 2023.

The financial statements were authorised for issue by the Directors on 12 March 2024. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period except for the adoption of any new and amended standards as set out below.

### *Compliance with International Financial Reporting Standards*

Compliance with AASB 134 ensures that the interim financial report of the Fund, comprising the financial statements and notes thereto, complies with International Accounting Standard IAS 34 *Interim Financial Reporting*.

#### **(a) New and amended standards and interpretations adopted by the Fund**

There are no new accounting standards, interpretations amendments to existing standards that are effective for the first time for the period beginning 1 July 2023 that have a material impact on the amounts recognized in the prior periods or will affect the current or future periods.

#### **(b) Impact of standards issued but not yet applied by the Fund**

There are no new accounting standards, interpretations and authoritative pronouncements that are expected to have a material impact on the Fund.

## 2 Net assets attributable to unitholders

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

Units are redeemed on demand at the 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 reporting period cannot be reliably determined.

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

	For the half-year ended			
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	No.'000	No.'000	\$'000	\$'000
Opening balance	2,861	1,889	25,699	17,675
Applications	2,416	51	18,672	470
Redemptions	(640)	(1)	(6,121)	(5)
Units issued upon reinvestment of distributions	53	20	479	182
Distributions paid and payable	-	-	(799)	(326)
Profit for the half-year	-	-	5,555	27
<b>Closing balance</b>	<b>4,690</b>	<b>1,959</b>	<b>43,485</b>	<b>18,023</b>

## 3 Distributions to unitholders

The distributions for the half-year were paid/payable as follows:

	For the half-year ended			
	31 December	31 December	31 December	31 December
	2023	2023	2022	2022
	\$'000	CPU	\$'000	CPU
<b>Distributions</b>				
July	-	-	94	5.00
September	330	10.00	114	6.00
December (payable)	469	10.00	118	6.00
<b>Total distributions</b>	<b>799</b>	<b>20.00</b>	<b>326</b>	<b>17.00</b>

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

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Derivatives	620	311
Listed hybrid securities	4,053	5,946
Preference shares - redeemable	21,761	14,976
Fixed interest securities	-	596
Floating rate notes	12,715	2,261
<b>Total financial assets at fair value through profit or loss</b>	<u>39,149</u>	<u>24,090</u>

Asset classification may differ from prior period due to change in administrator.

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

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
<b>Financial liabilities at fair value through profit or loss</b>		
Derivatives	471	159
<b>Total financial liabilities at fair value through profit or loss</b>	<u>471</u>	<u>159</u>

#### 6 Fair value measurement

The Fund 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 (that is, unobservable inputs).

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 Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

## 6 Fair value measurement (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 31 December 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Futures	148	-	-	148
Options	168	-	-	168
Forward foreign exchange contracts	-	304	-	304
Listed hybrid securities	4,053	-	-	4,053
Preference shares - redeemable	21,761	-	-	21,761
Floating rate notes	-	12,715	-	12,715
<b>Total</b>	<b>26,130</b>	<b>13,019</b>	<b>-</b>	<b>39,149</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Futures	363	-	-	363
Options	84	-	-	84
Forward foreign exchange contracts	-	24	-	24
<b>Total</b>	<b>447</b>	<b>24</b>	<b>-</b>	<b>471</b>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Futures	153	-	-	153
Options	5	-	-	5
Forward foreign exchange contracts	-	153	-	153
Listed hybrid securities	5,946	-	-	5,946
Preference shares - redeemable	14,976	-	-	14,976
Fixed interest securities	-	596	-	596
Floating rate notes	-	2,261	-	2,261
<b>Total</b>	<b>21,080</b>	<b>3,010</b>	<b>-</b>	<b>24,090</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Futures	81	-	-	81
Options	1	-	-	1
Forward foreign exchange contracts	-	77	-	77
<b>Total</b>	<b>82</b>	<b>77</b>	<b>-</b>	<b>159</b>

The pricing for the majority of the Fund'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.

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.

## **6 Fair value measurement (continued)**

Where a valuation model technique is used, the Responsible Entity considers other liquidity, credit and market risk factors, and adjusts the model as deemed necessary.

There were no level 3 instruments as at 31 December 2023 (30 June 2023: Nil).

There were no transfers between any levels as at 31 December 2023 (30 June 2023: Nil).

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

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 December 2023 or on the results and cash flows of the Fund for the half-year ended on that date.

## **8 Contingent assets, liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2023 and 30 June 2023.

## Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards as it relates to AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Fund's Constitution.

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



A. Patterson

Director

Perennial Investment Management Limited

Sydney

12 March 2024



# Independent Auditor's Review Report

To the Unitholders of Daintree Hybrid Opportunities Fund (Managed Fund)

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Daintree Hybrid Opportunities Fund (Managed Fund) (the Scheme).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Daintree Hybrid Opportunities Fund (Managed Fund) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2023 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Statement of financial position as at 31 December 2023;
- Statement of profit or loss and other comprehensive income for the Interim Period ended on that date;
- Notes 1 to 8 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Interim Period** is the 6 months ended on 31 December 2023.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

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

## Responsibilities of the Directors for the Interim Financial Report

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

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.





### Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. *ASRE 2410* requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Joshua Pearce  
Partner

Melbourne

12 March 2024