

Perennial Private to Public Opportunities Fund

Annual report

For the year ended 30 June 2023

Perennial Private to Public Opportunities Fund

Annual report

For the year ended 30 June 2023

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This annual report covers Perennial Private to Public Opportunities Fund as an individual entity.

The Trustee of Perennial Private to Public Opportunities Fund is Perennial Investment Management Limited (ABN 13 108 747 637) (AFSL 275101).

The Trustee's registered office is:
Level 27, 88 Phillip Street
Sydney, NSW 2000

Directors' report

The Directors of Perennial Investment Management Limited, the Trustee of Perennial Private to Public Opportunities Fund (the Scheme), present their report together with the financial statements of the Fund for the year ended 30 June 2023.

Trustee

The Trustee of Perennial Private to Public Opportunities Fund is Perennial Investment Management Limited (ABN 13 108 747 637) (the Trustee). The Trustee's registered office is Level 27, 88 Phillip Street, Sydney, NSW 2000.

Principal activities

The Scheme was constituted on 3 July 2019, was closed to applications on 16 August 2019 and commenced operations on 19 August 2019. The Scheme's Term will conclude on 16 July 2024 unless extended by way of Special Resolution.

The Scheme's focus on unlisted growth investments has concluded per the relevant investment period anniversary outlined in the Information Memorandum. Perennial continues to focus and manage IPO and Listed Placement Investments in the Scheme until the end of the Scheme's Term.

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:

A Patterson
C Love
M Bennett

Review and results of operations

During the year, the Scheme continued investing in accordance with the Information Memorandum and the provisions of the Scheme's Constitution.

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

	For the year ended	
	30 June 2023	30 June 2022
Operating profit/(loss) for the year (\$'000)	(16,503)	52,383
Distributions paid and payable (\$'000)	893	13,822
Distributions (cents per unit (CPU))	1.37	21.24

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Effective 28 October 2023, HSBC Bank Australia Limited will replace Apex Fund Services as Scheme custodian and administrator.

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

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

Likely developments and expected results of operations

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

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

Indemnification and insurance of 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 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 paid to and interests held in the Scheme by the Trustee and its associates

Fees paid to the Trustee and its associates out of Scheme property during the year are disclosed in Note 14 to the financial statements.

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

Director's report (continued)

Fees paid to and interests held in the Scheme by the Trustee and its associates (continued)

The number of interests in the Scheme held by the Trustee or its associates as at the end of the financial year are disclosed in Note 14 to the financial statements.

Interests in the Scheme

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

Environmental regulation

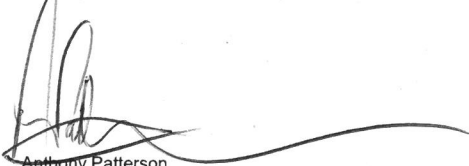
The operations of the Scheme are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

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

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 Trustee's report. Amounts in the Trustee's report have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated.

This report is made in accordance with a resolution of the Directors of Perennial Investment Management Limited.



Anthony Patterson
Director
Perennial Investment Management Limited

Sydney
26 September 2023

Perennial Private to Public Opportunities Fund
Statement of comprehensive income
For the year ended 30 June 2023

Statement of comprehensive income

		For the year ended	
		30 June 2023	30 June 2022
		\$'000	\$'000
	Note		
Investment income			
Interest income from financial assets at amortised cost		188	367
Net foreign exchange loss		-	(118)
Dividend income		-	100
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(17,396)	66,321
Other income		2,912	5
Total investment income/(loss)		(14,296)	66,675
Expenses			
Management fees	14	2,206	2,335
Interest expenses from financial assets at fair value through profit or loss		-	279
Performance fees		-	11,389
Transaction costs		1	289
Total expenses		2,207	14,292
Operating profit/(loss) for the year		(16,503)	52,383
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(16,503)	52,383

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

Perennial Private to Public Opportunities Fund
Statement of financial position
As at 30 June 2023

Statement of financial position

		30 June 2023 \$'000	As at 30 June 2022 \$'000
Assets	Note		
Cash and cash equivalents	9	1,234	20,721
Receivables	11	483	64
Financial assets at fair value through profit or loss	6	128,353	147,897
Due from brokers - receivable for securities sold		-	370
Total assets		130,070	169,052
Liabilities			
Payables	12	8,356	17,013
Distributions payable	8	893	13,822
Total liabilities		9,249	30,835
Net assets attributable to unitholders – equity	7	120,821	138,217

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

Perennial Private to Public Opportunities Fund
Statement of changes in equity
For the year ended 30 June 2023

Statement of changes in equity

	Note	For the year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
Total equity at the beginning of the financial year		138,217	99,656
Comprehensive income/(loss) for the year			
Profit/(loss) for the year		(16,503)	52,383
Other comprehensive income		-	-
Total comprehensive income		<u>(16,503)</u>	<u>52,383</u>
Transactions with unitholders			
Distributions paid and payable	7	(893)	(13,822)
Total transactions with unitholders		<u>(893)</u>	<u>(13,822)</u>
Total equity at the end of the financial year		<u>120,821</u>	<u>138,217</u>

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

Perennial Private to Public Opportunities Fund
Statement of cash flows
For the year ended 30 June 2023

Statement of cash flows

	Note	For the year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		13,723	46,535
Payments for the purchase of financial instruments at fair value through profit or loss		(11,205)	(22,074)
Interest income received from financial assets at amortised cost		188	367
Dividend income received		-	100
Other income received		2,493	3
Interest expenses paid from financial assets at fair value through profit or loss		-	(279)
Management fees paid		(2,257)	(2,260)
Performance fees paid		(8,606)	(4,662)
Transaction costs		(1)	(289)
Net cash inflow/(outflow) from operating activities	10	(5,665)	17,441
Cash flows from financing activities			
Distributions to unitholders		(13,822)	(13,807)
Net cash inflow/(outflow) from financing activities		(13,822)	(13,807)
Net increase/(decrease) in cash and cash equivalents		(19,487)	3,634
Cash and cash equivalents at the beginning of the year		20,721	17,087
Cash and cash equivalents at the end of the year	9	1,234	20,721

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

1 General information

These financial statements cover Perennial Private to Public Opportunities Fund as an individual entity. The Scheme was constituted on 3 July 2019 and commenced operations on 19 August 2019 and will terminate on 16 August 2024 unless terminated earlier or extended in accordance with the Scheme's Constitution.

Trustee

The Trustee of the Scheme is Perennial Investment Management Limited (ABN 13 108 747 637) (AFSL 275101). The Trustee's registered office is Level 27, 88 Phillip Street, Sydney NSW 2000.

The Trustee is incorporated and domiciled in Australia.

The Scheme's focus on unlisted growth investments has concluded per the relevant investment period anniversary outlined in the Information Memorandum. Perennial continues to focus and manage IPO and Listed Placement Investments in the Scheme until the end of the Scheme's Term.

The financial statements are presented in Australian dollars unless otherwise noted.

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

The financial statements were authorised for issue by the Directors on the date the Directors' declaration was signed. The Directors of the Trustee 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 the years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

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 do not distinguish between current and non-current. All balances are 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 reporting period cannot be reliably determined.

(i) 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 Standard Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board.

(ii) New and 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.

(b) Financial instruments

(i) Classification

- Financial assets

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

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, 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 the Scheme's investment strategy. Consequently, the debt securities are measured at fair value through profit or loss.

For cash, cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

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

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, Trustee fees payable and performance fees payable).

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Scheme has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

(iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Scheme measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the year in which they arise.

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured according to their classification.

(iv) Impairment

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

At each reporting date, the Scheme shall measure the loss allowance on financial assets at amortised cost (cash, due from brokers and receivables) at an amount equal to the lifetime ECL 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 ECL. 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.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Scheme has 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.

As at the end of the reporting year, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unitholders

Units are redeemable at the sole discretion of the Trustee. The Trustee does not intend to permit investor redemption requests.

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.

As at 30 June 2023 and 30 June 2022, net assets attributable to unitholders were classified as equity.

(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 and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(e) Investment income

(i) Interest income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

2 Summary of significant accounting policies (continued)

(e) Investment income (continued)

(i) Interest income (continued)

The effective interest method calculates the amortised cost of a financial asset or liability and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments held at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(f) Expenses

All expenses 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.

(h) Distributions

The Scheme may distribute its taxable income, in accordance with the Scheme's Constitution, to unitholders by cash. The distributions are recognised in the statement of changes in equity.

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

Income not distributed is included in net assets attributable to unitholders.

(j) Foreign currency translation

(i) Functional and presentation currency

Items included in the Scheme's financial statements are measured using the currency of primary economic environment in which it operates ("the functional currency"). This is Australian dollars, which reflects the currency of economy in which the Scheme completes for funds 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 derivatives 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.

(k) Receivables

Receivables may include amounts for interest. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

Payables include liabilities, accrued expenses owed by the Scheme and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

(m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Scheme by third parties such as Trustee fees, have been passed on to the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

2 Summary of significant accounting policies (continued)

(n) Use of estimates

The Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Certain financial instruments, for example unquoted securities, are fair valued using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

Areas such as credit risk (both own and counterparty), volatilities and correlations are considered by trustee in determining estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The ECL model has not materially impacted the Scheme. Please see Note 3 for more information on credit risk.

(o) Rounding of amounts

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

3 Financial risk management

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

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's Information Memorandum and the provisions of the Scheme's Constitution. It also seeks to maximise the returns derived for the level of risk to which the Scheme is exposed and seeks to minimise potential adverse effects on the Scheme's financial performance. The Scheme's investment guidelines allow it to use derivative financial instruments in managing its financial risks.

All investments present a risk of loss of capital, where the maximum loss of capital on any position is limited to the fair value of those positions.

The investments of the Scheme, and associated risks, are managed by the Investment Manager under an Investment Management Agreement (IMA) approved by the Trustee. It contains the investment strategy and guidelines of the Scheme, consistent with those stated in the Information Memorandum.

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Market risk

(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 securities 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.

Unlisted assets can be illiquid and subject to significant price risk. 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 Trustee.

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 Information Memorandum 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 Trustee.

The table at Note 3(b) summarises the sensitivities of the Scheme's assets and liabilities to price risk. The analysis is based on a possible and reasonable movement in the Schemes investment portfolio of +/-5% (2022: +/-5%).

(ii) Interest rate risk

The yield and fair value of securities can be affected by interest rate movements. In instances where interest rates rise, the fair value of certain fixed rate securities may decline. Equally in circumstances where interest rates decline the yield of certain floating rate securities will drop to reflect the floating rate nature of the yield. Equally longer-term interest rate expectations have the ability to impact the value of longer dated fixed rate securities.

3 Financial risk management (continued)

(a) Market risk (continued)

The table below summarises the Scheme's exposure to interest rate risk at the end of the reporting period.

	Floating interest rate \$'000	3 months or less \$'000	Fixed interest rate 4 to 12 months \$'000	1 to 5 years \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2023						
Assets						
Cash and cash equivalents	1,234	-	-	-	-	1,234
Receivables	-	-	-	-	483	483
Financial assets at fair value through profit or loss	-	651	10,682	-	117,020	128,353
Total assets	1,234	651	10,682	-	117,503	130,070
Liabilities						
Payables	-	-	-	-	8,356	8,356
Distributions payable	-	-	-	-	893	893
Total liabilities	-	-	-	-	9,249	9,249
Net exposure	1,234	651	10,682	-	108,254	120,821
As at 30 June 2022						
Assets						
Cash and cash equivalents	20,721	-	-	-	-	20,721
Receivables	-	-	-	-	64	64
Financial assets at fair value through profit or loss	-	1,051	7,857	4,007	134,982	147,897
Due from brokers - receivable for securities sold	-	-	-	-	370	370
Total assets	20,721	1,051	7,857	4,007	135,416	169,052
Liabilities						
Payables	-	-	-	-	17,013	17,013
Distributions payable	-	-	-	-	13,822	13,822
Total liabilities	-	-	-	-	30,835	30,835
Net exposure	20,721	1,051	7,857	4,007	104,581	138,217

The table at Note 3(b) summarises the impact of an increase/decrease of interest rates on the Scheme's operating profit and net assets attributable to unitholders through changes in fair value of changes in future cash flows. The analysis is based on the assumption that the interest rates changed by +/-100 basis points from the year end rates with all other variables held constant.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Scheme's operating profit and net assets attributable to unitholders to market risks. The possible movement in risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Scheme's investments with the relevant benchmark and market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Scheme invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unitholders			
	Price risk +5% \$'000	-5% \$'000	Interest rate risk -100bps \$'000	+100bps \$'000
As at 30 June 2023	5,851	(5,851)	(11)	11
As at 30 June 2022	6,749	(6,749)	(4)	4

(c) Credit risk

The Scheme is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Scheme.

The main concentration of credit risk, to which the Scheme is exposed, arises from the Scheme's investment in debt securities. The Scheme is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. None of these assets are impaired nor past their due date.

3 Financial risk management (continued)

(c) Credit risk (continued)

The Scheme determines credit risk and measures ECL for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any ECL. At 30 June 2023 and 2022, all receivables, amounts due from brokers, cash and short-term deposits are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be wholly insignificant to the Scheme.

There was no significant credit risk in the Scheme as at 30 June 2023 and 30 June 2022.

(d) Liquidity risk

Liquidity risk is the risk that a Scheme will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by spreading the expected maturity of each security over the life of the Scheme. Any current cash requirements (e.g. accrued fees, realised gains to be paid out) are matched with cash or liquid listed equity positions.

Liquid assets include cash and cash equivalents and net Level 1 financial instruments (listed equities). As at 30 June 2023, these assets amounted to \$3,258,106.

(i) Maturities of non-derivative financial liabilities

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

	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2023					
Payables	8,356	-	-	-	8,356
Distributions payable	893	-	-	-	893
Total financial liabilities	9,249	-	-	-	9,249
As at 30 June 2022					
Payables	17,013	-	-	-	17,013
Distributions payable	13,822	-	-	-	13,822
Total financial liabilities	30,835	-	-	-	30,835

(e) Concentration risk

Significant price movements can result in concentration risk in individual securities within the Scheme.

4 Fair value measurement

The Scheme measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Scheme values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Scheme relies on information provided by independent pricing services for the valuation of its investments.

(a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (listed markets such as ASX or other exchanges/platforms) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Scheme is the last traded market price; the quoted market price for financial liabilities is the last traded market price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

4 Fair value measurement (continued)

(b) Fair value in an inactive or unquoted market (level 2 and level 3)

In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Scheme categorises these investments 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 regularly reviewed by the relevant management. 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.

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.

(c) Recognised fair value measurements

The table below presents the Scheme's financial assets and liabilities measured and recognised at fair value as at 30 June 2023 and 30 June 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2023				
Financial assets				
Convertible notes	-	-	11,333	11,333
Listed equities	2,024	-	-	2,024
Unlisted equities	-	-	114,996	114,996
Total financial assets	2,024	-	126,329	128,353
As at 30 June 2022				
Financial assets				
Convertible notes	-	-	12,915	12,915
Listed equities	6,419	-	-	6,419
Unlisted equities	-	-	128,563	128,563
Total financial assets	6,419	-	141,478	147,897

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

As at 30 June 2023	Unlisted equities \$'000	Total \$'000
Opening balance	128,563	128,563
Purchases	6,065	6,065
Sales	(4,500)	(4,500)
Gains/(Losses) recognised in profit or loss	(15,132)	(15,132)
Closing balance	114,996	114,996
As at 30 June 2022		
Opening balance	41,375	41,375
Transfers into/(out) from level 3	67,682	67,682
Purchases	12,174	12,174
Sales	(312)	(312)
Gains/(Losses) recognised in profit or loss	7,644	7,644
Closing balance	128,563	128,563

4 Fair value measurement (continued)

(c) Recognised fair value measurements (continued)

Significant unobservable inputs used in measuring fair value

The following table presents significant unobservable inputs used at 30 June 2023 and 30 June 2022 in measuring financial instruments categorised as level 3 in the fair value hierarchy.

At 30 June 2023	Fair Value \$'000	Valuation techniques	Unobservable input	Sensitivity to change in significant unobservable inputs
Unlisted equities	114,996	Purchase cost	Market value of the companies	The estimated fair value would increase or decrease depending on the movements in the market values of the companies.
Convertible notes	11,333	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.
At 30 June 2022				
Unlisted equities	128,563	Purchase cost	Market value of the companies	The estimated fair value would increase or decrease depending on the movements in the market values of the companies.
Convertible notes	-	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.

Effects of the unobservable input on fair value measurement

Although the Trustee 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.

At 30 June 2023	Change in variable 5% (5%)	Favourable \$'000	(Unfavourable) \$'000
Unlisted equities	Market value of company	5,750	(5,750)
Convertible notes	Performance of the underlying security issue	567	(567)
At 30 June 2022			
Unlisted equities	Market value of company	6,428	(6,428)
Convertible notes	Performance of the underlying security issue	646	(646)

(d) Transfer between levels

The Trustee recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair level hierarchy at the end of the reporting period.

The following table presents the transfers between levels for the year ended 30 June 2022 (no transfers for 30 June 2023).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
As at 30 June 2022			
Transfers between level 3 and level 1			
Unlisted equities	(67,682)	-	67,682

(e) Financial instruments not carried at fair value

The carrying value of receivables and payables approximate their fair values.

Net assets attributable to unitholders' carrying value differ from its fair value (deemed to be redemption price for individual units). This difference is not material in the current year.

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

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

	For the year ended	
	30 June 2023	30 June 2022
	\$'000	\$'000
Financial assets		
Net realised gain/(loss) on financial assets at fair value through profit or loss	(2,970)	28,573
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(14,426)	37,748
Total net gains/(losses) on financial assets at fair value through profit or loss	(17,396)	66,321

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Convertible notes	11,333	12,915
Listed equities	2,024	6,419
Unlisted equities	114,996	128,563
Total financial assets at fair value through profit or loss	128,353	147,897

7 Net assets attributable to unitholders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Scheme shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

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

	For the year ended			
	30 June 2023		30 June 2022	
	Units	\$'000	Units	\$'000
Opening balance	65,083	138,217	65,083	99,656
Distributions paid and payable	-	(893)	-	(13,822)
Profit/(loss) for the year	-	(16,503)	-	52,383
Closing balance	65,083	120,821	65,083	138,217

Each unit represents a right to a proportionate share in net assets of the Scheme and does not extend to a right in the underlying assets of the Scheme.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

8 Distributions to unitholders

The distributions declared during the year were as follows:

	For the year ended			
	30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU
Distributions				
June (payable)	893	1.37	13,822	21.24
Total distributions	893	1.37	13,822	21.24

9 Cash and cash equivalents

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Cash at bank	1,234	20,721
Total cash and cash equivalents	1,234	20,721

10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	For the year ended	
	30 June 2023	30 June 2022
	\$'000	\$'000
Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	(16,503)	52,383
Proceeds from sale of financial instruments at fair value through profit or loss	13,723	46,535
Payments for the purchase of financial instruments at fair value through profit or loss	(11,205)	(21,956)
Net (gains)/losses on financial instruments at fair value through profit or loss	17,396	(66,321)
Net change in receivables	(419)	(2)
Net change in payables	(8,657)	6,802
Net cash inflow/(outflow) from operating activities	(5,665)	17,441

11 Receivables

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
GST receivable	483	64
Total receivables	483	64

12 Payables

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Management fees payable	163	214
Performance fees payable	8,193	16,799
Total payables	8,356	17,013

13 Remuneration of auditor

During the reporting period the following fees were paid or payable for services provided by the auditor of the Scheme:

	For the year ended	
	30 June 2023	30 June 2022
	\$	\$
KPMG		
<i>Audit and other assurance services</i>		
Audit of financial statements	7,337	6,825
Total remuneration for audit and other assurance services	7,337	6,825
<i>Taxation services</i>		
Taxation compliance services	4,725	4,725
Total remuneration for taxation services	4,725	4,725
Total remuneration of KPMG	12,062	11,550

14 Related party transactions

Transactions with entities related to Perennial Investment Management Limited are disclosed below.

The Trustee has contracted services to Perennial Value Management Limited, to act as Investment Manager for the Scheme. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

Key management personnel include persons who were Directors of Perennial Investment Management Limited at any time during or since the end of the financial year and up to the date of this report.

A Patterson
C Love
M Bennett

14 Related party transactions (continued)

(a) Key management personnel (continued)

(ii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Scheme, directly or indirectly during the financial period.

(b) Transactions with key management personnel

The following transactions occurred with key management personnel during the year:

	For the year ended	
	30 June 2023	30 June 2022
Opening balance (units)	525,000	525,000
Net unit movements	-	-
Closing balance	525,000	525,000

(c) Key management personnel unit holdings

Key management personnel held 525,000 units in the Scheme as at 30 June 2023 (30 June 2022: 525,000 units).

(d) Key management personnel compensation

Key management personnel are paid by Perennial Value Management Limited. Payments made from the Scheme to Perennial Investment Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

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

(f) Other transactions within the Scheme

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Scheme during the financial year and there were no material contracts involving management personnel's interests existing at year end.

(g) Trustee fees and other transactions

Under the terms of the Scheme's Constitution and Information Memorandum for the Scheme, the Trustee and the Investment Manager are entitled to receive Trustee fees and performance fees.

The Scheme pays Management Costs of 1.5% (2022: 1.5%) of the net asset value of the Scheme per annum to the Trustee for managing the assets of the Scheme and overseeing the operations of the Scheme.

Investment manager's fees is paid by the Trustee to the Investment Manager to provide investment services for the Scheme. It is paid from the trustee's fee and is not an additional cost to the Scheme.

Under the term of the Scheme's Constitution, the Trustee is entitled to receive performance fees if certain predetermined criteria are met.

The transactions during the year and amounts payable as at year end between the Scheme, the Trustee and the Investment Manager were as follows:

	For the year ended	
	30 June 2023	30 June 2022
	\$	\$
Management fees for the year	2,205,840	2,334,724
Performance fees for the year	-	11,388,545
Total fees payable at year end	8,356,185	17,012,863

For information on how trustee and performance fees are calculated please refer to the Scheme's Information Memorandum.

(h) Related party unit holdings

Parties related to the Scheme (including Perennial Investment Management Limited, its related parties and other funds managed by Perennial Investment Management Limited and the Investment Manager) held no units in the Scheme as at 30 June 2023 (2022: nil).

(i) Investments

The Scheme did not hold investments in Perennial Investment Management Limited or its related parties during the year.

15 Events occurring after the reporting period

Effective 28 October 2023, HSBC Bank Australia Limited will replace Apex Fund Services as Scheme custodian and administrator.

No other significant events have occurred since the end of the year which would impact on the financial position of the Scheme as 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

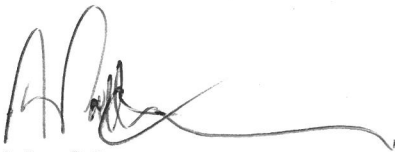
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the Directors of the Trustee:

- (a) the financial statements and notes, set out on pages 4 to 19, are in accordance with the Australian Accounting Standard, including:
 - (i) complying with Australian Accounting Standards (including Australian Accounting Interpretations); and
 - (ii) presents fairly the Scheme's financial position as at 30 June 2023 and of its performance as represented by the results of its operational and cash flows, for the reporting period 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.



Anthony Patterson
Director
Perennial Investment Management Limited

Sydney
26 September 2023



Independent Auditor's Report

To the unitholders of Perennial Private to Public Opportunities Fund

Opinion

We have audited the **Financial Report** of Perennial Private to Public Opportunities Fund (the Scheme).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Scheme as at 30 June 2023, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards*.

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 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.



Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of Perennial Investment Management Limited (the Responsible Entity) of Perennial Private to Public Opportunities Fund for the purpose of complying with the financial reporting requirements of the Schemes' Constitutions.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Unitholders of Perennial Private to Public Opportunities Fund and should not be used by or distributed to parties other than the Unitholders of Perennial Private to Public Opportunities Fund. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Unitholders of Perennial Private to Public Opportunities Fund or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Perennial Private to Public Opportunities Fund'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 are responsible for:

- the preparation and fair presentation of the Financial Report for the purpose of complying with the financial reporting requirements of the Schemes' Constitutions;
- implementing necessary internal control to enable the preparation of a Financial Report that 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. This description forms part of our Auditor's Report.



KPMG

A handwritten signature in blue ink, appearing to read 'Joshua Pearse', written over a light blue circular background.

Joshua Pearse

Partner

Melbourne

26 September 2023